

The NATIONAL UNDERWRITER

26

BRANCH OFFICES !



Each of the 26 Branch Service Offices of American-Associated is a complete service unit with competent underwriting, claims, engineering and payroll audit staffs. They are "home offices" in miniature, fully equipped and *always* ready to help you serve your customers.

These offices are much more than just relay stations. They have *real* authority—they can and do *act fast* when you need their assistance.



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NEW ORLEANS • NEWARK • NEW YORK • PHILADELPHIA • PITTSBURGH
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THURSDAY, OCTOBER 31, 1946



Kansas derives its name from the Kansa (Kaw) Indians, the word meaning "Swift River." Coronado found no gold there in 1541 but noted the richness of the earth. Later, the young State's countrywide fame was of a political rather than productive significance, with competitive immigration, John Brown's raids, and new legislation making it the key State in the slavery struggle. In 1854, the Territory of Kansas was organized, and settlers flocked in, founding Leavenworth, Topeka, and many other towns. Council Grove has the famous Council Oak, Madonna of the Trail, and the old Kaw Indian Mission. The renowned Santa Fe and Oregon trails crossed Kansas seeking lucrative western goals, with the prairie schooner wheels cutting into unnoticed potential wealth... a soil destined to be the Nation's Bread Basket. 200,000,000 bushels of wheat are harvested annually, and her flour and grist mill production ranks first among the States. Besides furnishing much of the meat to go with our bread, other greatly diversified industries now prosper in the Sunflower State... where new insurance trails will be blazed.



CRUM & FORSTER

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UNITED STATES FIRE INSURANCE CO.	Organized 1824	RICHMOND INSURANCE CO.	Organized 1836
THE NORTH RIVER INSURANCE CO.	Organized 1822	WESTERN ASSURANCE CO., U. S. Branch	Incorporated 1851
WESTCHESTER FIRE INSURANCE CO.	Organized 1837	BRITISH AMERICA ASSURANCE CO., U. S. Branch	Incorporated 1833
THE ALLEMANNIA FIRE INSURANCE CO. of Pittsburgh	Organized 1868	SOUTHERN FIRE INSURANCE CO., Durham, N. C.	Incorporated 1923

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All-Industry Group Rejects Sawyer Proposal

Receive Request from Independent Insurers for Amendments

NEW YORK—The all-industry committee at its meeting here rejected the "Sawyer compromise" proposed by E. W. Sawyer on behalf of the National Assn. of Insurance Brokers and National Assn. of Casualty & Surety Agents, which he represents. The compromise would modify the model fire and casualty rating bills to provide a less stringent type of rate regulation for those states not wishing to go to the full extent contemplated in the model bills. The vote was unanimous except for the votes of the two associations represented by Mr. Sawyer.

The subcommittee report dealing with the Sawyer proposal pointed out that Mr. Sawyer had no objection to a waiting period provision in the bills and he believed it is inherent in his proposal for the commissioners to review filings when made, without the necessity of a specific mandate in the law. Hence the only point of difference between the model bills and Mr. Sawyer's proposal is that the latter does not require filing of supporting data for rate-making. "The subcommittee believes that there is good reason for the provision for filing information," the report states. The Sawyer proposal was first received at the Syracuse meeting in September and referred to the conference committee.

The committee received a proposal from Henry S. Moser, in behalf of the National Assn. of Independent Insurers for a modification of the bills, with respect to requirements for supporting information. The independents desire an amendment to make certain that detailed statistical proof would not be required to justify rate filings and that all that would be required would be general proof such as over-all loss ratio. This was referred to the conference committee.

Frank Colridge Reports

Frank Colridge, secretary National Assn. of Insurance Agents, submitted the resolution of his organization adopted at the Denver convention to the effect that the matter of rate legislation shall be left up to the states and that N.A.I.A. is in no way trying to dictate what shall be done.

The all-industry committee was advised that the commissioners' committee which was meeting at the same time had approved the report of the Robinson-Patman act subcommittee of the all-industry committee, which report had been approved by the all-industry committee at the Syracuse meeting.

The matter of A. & H. regulatory legislation received much consideration, particularly from the two accident and health groups represented on the all-industry committee. This matter is now under consideration by the accident and health subcommittee of the Sherman act subcommittee and a report will be made by that committee at a later meeting.

Certain modifications in the pattern bill submitted by the federal trade commission subcommittee at Syracuse were

Takes Business to Task for Justice Dep't Aid Attitude Toward Public

K. C. Bell Tells Agents They Need to Lead Way Because They Are Closer

NEW HAVEN—Several of the issues and ideas in the forefront of agent and company consideration were viewed "from the outside" by Kenneth C. Bell, vice-president of Chase National Bank, New York, at the convention of the Connecticut Assn. of Insurance Agents here.

He was critical of the all-industry rating bills. He urged the necessity of reaching uninsured and the underinsured and, treated other items from the broad aspect of the industry's relations with the public. Agents and companies, Mr. Bell indicated, might more frequently use the public and what is good for it as a reference point in solving some of the problems before them.

Why Can't It Be Done

"You must make allowances for the naivete of an outsider who has no technical insurance background and who, therefore, has no real appreciation of the insurmountability of all of the obstacles, which so many people in the industry seem to see, in the way of bringing about changes in insurance which, to buyers and students of insurance, seem to be publicly desirable," he said.

Some far-reaching positive action is needed in all spheres of the business, a positive action not long delayed, he said. The producers can and possibly will have to play the most significant role in accomplishing desirable and necessary changes in the business. They

must speak for the public whenever and wherever unrepresented or inarticulate. The present time, even with the dilemma the industry is in, affords agents their greatest opportunity to do a public good which will permanently react to their own advantage as well.

The American agency system seems to be on trial, and here past performances are not enough. It's the future that counts. One of these days agents and others in the industry may have to face the problem of attempting to justify to the public higher premium rates, particularly in the fire field. At that time they will need a friendly, sympathetic public on their side. Now is the time to cement that friendly public relationship "when you are setting a new pattern for the future of the insurance industry."

Executives Are Out of Touch

One reason some industry executives have been a little laggard in adopting a really effective public relations program, a program which includes a constant sampling of the public's needs for better insurance coverages and practices and their putting into prompt effect ways and means to cover those needs, is that the executives have for so many years been far removed from any direct contact with the insurance buying public. It is unfortunate, he said, when anyone so dependent upon public support loses that contact.

The agents, with daily contact, should be alert to discern public needs not being met or being met improperly. Business and personal living conditions are constantly changing, and these

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WENDELL BERGE'S TALK TO LAWYERS

Wendell Berge, assistant U. S. Attorney General in charge of the anti-trust division of the Department of Justice, gave a message on the insurance issues that is now familiar, in addressing the insurance section of the American Bar Assn. He reiterated the philosophy that he expounded in June in addressing the meeting of the New England Associations of Insurance Agents and much of his talk corresponded to that given Monday of this week by Manuel Gorman of the Justice Department at the meeting of the Rhode Island Assn. of Insurance Agents. For instance, he emphasized, as did Mr. Gorman, "that public law 15 is not an invitation to continue a system of private regimentation under the cloak of state protection. Nor is it a declaration that states can establish islands of immunity from the anti-trust laws for the furtherance of private group interests."

Insurance companies are not to be permitted to make contracts and agreements in restraint of trade, to monopolize

considered for the purpose of removing any doubt about the occupation of the field of regulating unfair trade practices by the states. A modification of the Syracuse pattern bill is now the subject of discussion between the all-industry committee and the federal legislation committee of the commissioners. No conclusions have as yet been reached.

It is expected that another meeting of the all-industry committee will be held in November some time prior to the December meeting of the National Assn. of Insurance Commissioners.

lize or attempt to monopolize interstate commerce, or otherwise to engage in restrictive practices, Mr. Berge declared. In cooperation with the industry the states can provide for the orderly correction of abuses that have existed in the business, he said. Fairness, efficiency and the preservation of competitive opportunity should now be the criteria. Failure in this endeavor will inevitably cause Congress to reconsider its adopted policy.

Warns of Short Cuts

The complexities of insurance and the difficulty of adequate state supervision are inducements to take deceptively simple short cuts. This would lead to inadequate regulatory laws "which might well invite condemnation as constituting only attempts to circumvent the anti-trust laws—to create islands of immunity." On the other hand, excessive state controls could strangle the opportunity for free enterprise in insurance. Partisans of individual initiative and free enterprise must combat the trend toward regimentation and also the confusion of liberty with license.

Mr. Berge cited the argument that rate making by private agreement which is illegal under the Sherman act, is necessary in insurance, that insurers must be allowed to pool their experience to determine future loss possibilities, that competition in rates causes discrimination among purchasers and that rate competition will imperil the financial stability of the industry.

Mr. Berge conceded that the need for combining the experience for rate mak-

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Justice Dep't Aid Puts Accent on "COMPETITION"

Warns Against Cloak of State Protection for Private Controls

PROVIDENCE—Manuel Gorman, special assistant to the U. S. Attorney General, in addressing the annual meeting here of the Rhode Island Assn. of Insurance Agents, hewed closely to the line that was drawn by Wendell Berge, assistant Attorney General in charge of the anti-trust division in his significant address last June at the convention of the New England Associations of Insurance Agents. Mr. Gorman proceeded from here to Atlantic City where he gave much the same message at the meeting of the insurance section of the American Bar Assn.

Mr. Gorman like Mr. Berge capitalized the word "COMPETITION." Whatever state legislation is enacted, he contended, must preserve a full measure of competition. Where combined activity is authorized, effectual safeguards must be established to guard against misuse of the grant.

Esposes "Pure Cost" Notion

Mr. Gorman also echoed Mr. Berge's fancy for a scheme whereunder loss experience of all companies would be collected at a central station. To this "pure cost" each company would add its own expense and profit loadings and there would be no agreement on the final rate.

"The industry and the states," he said, "are now faced with complex and extensive problems of interpretation of law, insurance technique, public relations, and finally of sound legislation in the public interest. These problems are serious and demand careful and expert consideration."

Difficult questions, he declared, are presented in the application of public law 15 in the realm of free enterprise. In that act "Congress offered the busi-

BATTLE IS RAGING

The debate on insurance rate legislation is raging furiously these days. In this edition are reports of significant and heated addresses in this realm by E. W. Sawyer, F. J. Marryott, Manuel Gorman and Wendell Berge, as well as an account of last week's all-industry sessions at New York and a report on a three-hour Berge-Gorman Q. & A. session on page 22.

ness and the states an opportunity to revitalize free enterprise in the insurance business under state controls designed to protect the public interest."

"Specifically, Congress granted the states and the industry a period of grace within which to remove abuses, to revise old laws and to enact new ones. It further provided that at the end of this period, the antitrust laws would again apply to the business of insurance to the extent that such business is not regulated by state law. Thus, to the extent that restraints of trade in the insurance industry have not been removed by state regulation, the anti-

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S.E.U.A. President Sings Praise of Model Bills

Objective Corresponds to That Toward Which Stock Groups Have Been Moving

PINEHURST, N. C.—The semi-annual session of the Southeastern Underwriters Assn. was held here with an attendance of about 200. It was one of the largest gatherings in history.

The official personnel at present is composed of Caspar S. Whitner, Hartford Fire, president; Esmond Ewing, Travelers Fire, vice-president; Lloyd T. Wheeler, manager-secretary, and Paul B. Hulfish, assistant secretary.

The delegates began arriving Saturday night and the executive committee



Caspar S. Whitner



Lloyd T. Wheeler

met Monday morning and other committees held meetings during the day and Tuesday. The sessions were held at the Carolina hotel.

Whitner Lauds Model Bills

Mr. Whitner, in his presidential address, gave warm endorsement to the all-industry bills.

It is heartening, he declared, to observe the solution of the problem by the National Assn. of Insurance Commissioners and the all-industry committee. The legislation proposed is broad and each of the bills, fire and casualty, as adopted by the N.A.I.C. lends support to the time-tested pattern for organization. In brief, these bills, while reserving to the state adequate control of the business, carefully avoid making the creation of any organization a requirement, or making it compulsory that a company be or not be a member of any organization.

Work Can Be Improved

"In fact, the sub-committee report to the N.A.I.C. meeting last June, specifically cautioned against mandatory organizations in order to avoid the creation of a tremendous bureaucracy which is quite unnecessary and would be most burdensome as to expenses. On the other hand, the value of voluntary organizations is recognized and encouraged. And, not least, these proposed bills encourage the interchange of rating plan data and consultation between the respective commissioners and organizations. All this looks to practical uniformity nationwide and a considerable saving in organization expense. Practical uniformity in rating schedule structure, policy contracts, forms of coverage and organizational activity generally is quite definitely in the public interest, and we should take pride in the fact that capital stock insurance, through its organizations, has for more than a few years moved steadily toward this important objective.

"Through these organizations we, the

individual companies, have provided many services at a very small fraction of what it would cost if each company attempted to provide these services for itself. But, regardless of how fine the job has been done—and I say in all sincerity that it has been better than good—I am convinced that with a greater degree of interrelationship, interdependence and integration of activities in all the states, a more nearly perfect job can be done. Well informed majority opinion—and it is quite a substantial majority—favors this and I am secure in my belief that our march of progress will not only be quickened but also will be conducted in a well coordinated manner by taking full advantage of the time-tested pattern of organizational activity."

Mr. Whitner credited the leaders in organization work many years ago with possessing uncommon vision. Through the years organized effort on a voluntary basis was developed and strengthened. Here and there, perhaps, an objective was overrun, but always the leadership of the day had the good judgment to withdraw to a proper line, he said. The general objective, then and now, looks constantly to public service.

Insurance, as presently established, he declared, "is well equipped to conform to the time-tested pattern of organization without dislocation at any level." It is worthwhile to reappraise the value of organizations and keep them tuned to the times, Mr. Whitner asserted.

Operate on Three Levels

All successful and enduring organized effort, in any field, provides for functioning at the national, regional and state levels, supplies the essentials of interrelationship, interdependence and integration of activities in all the states, and avoids the setting up of a dictatorship, so to speak, on the one hand, and the narrowing aspects of isolationism and autonomy on the other.

The S.E.U.A., he averred, has come through troublesome times "with our face to the sun, and with an even greater determination to serve the public and our business efficiently and in such honorable manner as to beget complete confidence in our operations."

"For a long time our business has been prepared to bring about interrelationship, interdependence and integration of activities nationwide. With respect to the many activities in which the companies engage jointly, our business has found the way of adjusting local activity to the broad scope of national commerce and in a manner which will aid the individual states in the exercise of adequate regulation without burdening the business and the public with the expense and the time absorbing red tape of bureaucracy—locally, regionally or nationally."

New Committee Chairmen of Mo. Association Named

ST. LOUIS—L. H. Trout, president Missouri Assn. of Insurance Agents, has appointed new committee chairmen: Rules and forms, L. E. Bright; fire prevention, John J. O'Toole; membership, E. J. Boyce, all of St. Louis; accident prevention, Arnold Roth, Cape Girardeau; finance, O. D. Powell, St. Louis; legislation, Holton Price, St. Louis; H. F. Warner, Kansas City; Robert Young, Jefferson City, and Clifford Jackson, Mountain Grove, co-chairmen; publicity and education, John Wightman, Jr., St. Louis; out-state agents, Clifford Jackson, Mountain Grove; casualty, George Oppenheimer, Kansas City; program, W. R. Dunham, St. Louis, and O. V. Simmons, Kansas City, co-chairmen.

Will Open Louisville Office

W. W. Jackson, executive vice-president American Hospital & Life, has been on a tour of company agencies and visited Louisville to interview prospective managers and agents. The company is planning to open an office there.

J. B. Quisenberry Tells How Agents Can Build Good Will in Handling of Losses

An understanding with the company and its field man as to loss procedure, prompt and careful reporting of claims on the standard forms, helping insured and adjuster in obtaining fair estimates and intelligent inventories, fostering a spirit of cooperation that will help in promoting agreement, and careful attention to underwriting so that when a loss occurs there will be enough insurance to take care of it were listed by Jack B. Quisenberry, general adjuster of Royal-Liverpool, in his talk before the Connecticut Assn. of Insurance Agents as essential steps for agents in eliminating friction in adjustments and preventing dissatisfaction among claimants and consequent discredit for the insurance industry.

Mr. Quisenberry pointed out that usually the agent is the one who is personally acquainted with the insured and by a helpful word to the adjuster and a pleasant introduction to his client can initiate the adjustment procedure in the right spirit and see that it gets off on the right foot. Many misunderstandings which often cause ill feeling toward the insurance business could have been avoided if the adjuster and the agent had worked out a real understanding and a cooperative approach to the problem of insurance adjustments.

Purpose of Multiple Copies

Of equal importance is the prompt report of the loss on a standard notice of loss form which is prepared in triplicate, one copy being sent to the fieldman, one copy to the home office and the other retained for the agency's files. It provides for prompt attention to the claim by a qualified adjuster who is generally appointed by the fieldman or his office. It notifies the home office that the fieldman has been notified and that an adjuster will be on the job. It also gives the company an estimate of the loss so that proper records and adequate reserves can be promptly established, and so that any reference to the loss by the agent, adjuster or fieldman to the home office can be promptly acknowledged. The agent and the company fieldman servicing his territory should have a definite understanding as to loss procedure, said Mr. Quisenberry.

The agent has another duty, also of paramount importance, he said. After the loss is reported he should advise the insured to take the proper and necessary steps to protect the property from further damage and to secure fair and equitable bona fide estimates and proper inventories. If a loss is relatively small and an estimate is prepared or if there are only a few items of an inventory necessary to have ready most of these claims can be completed at the time of

the adjuster's initial visit and this represents real agency service to a client. The obtaining in advance of detailed figures on a fair basis greatly assists the adjuster in getting the claim completed in the shortest possible time.

Coverage Must Be Adequate

It is especially difficult, Mr. Quisenberry said, to leave an assured satisfied with the company, his agent or the adjuster if there is inadequate coverage, improper coverage or co-insurance penalties. Adjusters generally agree that the actual payment as to the amount of physical damage is not too difficult to reach. If an insured, however, knows that he is to be penalized due to inadequate coverage there is apt to be a decided effort to increase the loss figure or decrease the sound value, as the case may be.

This is a natural human tendency to avoid financial loss but the important thing is it creates in the minds of the public, by repetition of stories, generally untrue, that the assured has been mistreated. Many difficult and unsatisfactory adjustments have their origin at the time a policy is written.

"If you have an underwriting problem consult freely with the field staff and if there is any question that the insurance is written in such a way that a possibility for misunderstanding exists do not write it that way as you are only asking for trouble and walking around with your fingers crossed hoping that a loss does not occur," Mr. Quisenberry warned.

Agents Discuss But Take No Action as to Countersignature Laws

At the Denver convention of the National Assn. of Insurance Agents, an informal meeting of interested agents was held to discuss countersignature laws. Several of the states with such laws were represented, among them most of the eight states that provide for a mandatory division of the commission with countersigning agents. Those states are Alabama, Georgia, Louisiana, Mississippi, New Mexico, North Carolina, Virginia, West Virginia. Maine is considering such a proposal.

There has been a considerable shift of opinion among agents in the years since countersignature laws first began going on the books. That was in the day when a big corporation absorbed the small, local one, and the local agent found a considerable chunk of his business going to some large metropolitan center. Some agents are vigorous in their opposition to these laws. There is, however, still a large number that favors such legislation.

The discussion at Denver was just that. There was no action taken. There is perhaps not enough opposition yet developed to the laws to make early action in a legislature a strong possibility.

The N.A.I.A. takes no stand on legislative matters, leaving that to the state and local organizations.

Form Credit Union Agency

In collaboration with the Indiana Credit Union League, the C.U. Insurance Agency, Bankers Trust Building, Indianapolis, Ind., has been incorporated to insure automobiles financed by credit unions in Indiana. H. A. Bottorf is president of the agency. H. B. Holloway, league president, is vice-president; Leo Kaminsky, league attorney, is secretary-treasurer, and C. E. Oldham, league managing director, is agency manager.

Betty Maguire, radio commentator, will give a book review on "Dark Waters" at a meeting of the Insurance Women of St. Louis Nov. 12.

NEW KY. PRESIDENT

Sheridan C. Barnes, who was elected as the new president of the Kentucky Assn. of Insurance Agents at the annual meeting last week at Louisville, is a leader not only in insurance affairs, but in other fields in his community and in the state. He is vice-president of the Tax Equality League.



S. C. Barnes

Mr. Barnes was vice-president of the Kentucky agents association during the past year. He takes over the presidency from J. B. Lawton of Central City and starts off with good omens for a successful administration. The Louisville annual meeting was attended by 75% of the members.

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Rate Legislation Question Bulks Large at Wisconsin Mutual Company Meet

MILWAUKEE—More than 250 agents and officials of companies comprising the Wisconsin Federation of Mutual Insurance Companies attended the two-day annual convention here. This was the first general convention after a lapse of three years during the war period when regional meetings were held, and was one of the best attended and most enthusiastic in history. In addition to a number of talks on current insurance problems and sales technique, one session was devoted to fire and casualty forum with a panel made up of field men of the Wisconsin Mutual Club.

Junius Pleuss, Manitowoc Mutual fire, in his presidential address, stated that Wisconsin mutuals pioneered this rate and mutualized it so that it is recognized as the outstanding mutual insurance state of the country.

"Stock companies grew faster in the early days because they could put capital into their structure, and in that way expanded and developed rapidly. The mutuals, however, were obligated to pull themselves up with their own bootstraps, since they can only grow from their own earnings. Today the tide is turning, the mutual companies have grown larger and stronger over a period of many years and, with their reinsurance facilities, can now write substantial lines for their agents."

Life Insurance Man Speaks

Harold W. Gardner, educational director Northwestern Mutual Life, said it is important for the salesman to realize what the significance of what he does is to the country and its economy.

"The insurance salesman, in particular, encourages the highest qualities of character in his customer, as well as thrift, foresight and the welfare of others. The salesman is our best bet to prevent inflation because he moves the goods to the market and this absorbs dangerous spendable surplus. Likewise, he helps prevent depression. There can be no depression when farms and factories are busy producing goods to fill the orders secured by American salesmen to satisfy America's endless needs."

Mr. Gardner listed the six things that help the best salesmen get more work time easier as: Give yourself a mental housecleaning at regular intervals; develop good working technique as a matter of habit; balance your budget so you can work easier without financial worry; watch your health; plan your day the night before and wake up with a day's work planned; keep records so you will know and not guess what works best for you from information about your own business. The salesman, he said, patterns his own success and writes his own ticket. Sales management supplies guidance and encouragement, but the salesman determines the results.

Philip Baldwin Makes Plea

A plea for continued harmony in the insurance industry was made by Philip Baldwin of Washington, executive secretary of the National Assn. of Mutual Insurance Agents.

Roger Kenney, "U. S. Investor," said "the fundamental purpose of public law 15 will be defeated if mutual fire insurance companies insist upon marrying into or becoming an adjunct of the stock-company rate-making process. Model rating bills, with the exemption they provide in the matter of supervision of policyholders' dividends, will only serve to stir up increased competition through the issuance of participative policies by stock companies."

Another speaker to discuss the all-industry bills was C. M. Smith, vice-president and general counsel of Lumbermen's Mutual Casualty. He con-

tended that the proposed laws guarantee a competitive insurance market.

Insurance is no longer a non-commercial enterprise in view of the U. S. Supreme Court decision that it is commerce and as such is subject to federal control, commented Harry P. Cooper, Jr., assistant counsel National Assn. of Mutual Insurance Companies.

He remarked upon the problem created by the fact that insurance rates are on a pre-war basis, but losses are being paid on current inflated values. In the mutual field he cited the problems of federal taxation, federal anti-trust regulation and revision of state regulatory laws.

"Let us continue to solve our problems by the formula of how can we be of continued and even greater mutual service to our policyholders," he urged.

Milwaukee Fire Prevention

The talk on fire prevention prepared by Fire Chief Wischer of Milwaukee, emphasized the city's new fire prevention and protection ordinance, the first in the nation strong enough to make effective the fire prevention program. Milwaukee's estimated fire loss up to Sept. 1 this year has been about \$1 million, he stated, and approaches the total loss in 1945 of \$1,435,580, while the national fire loss is estimated already to exceed all of last year. Increased losses were attributed principally to the let-down in alertness in fire prevention activities after the cessation of hostilities, and the increased cost of replacements because of higher costs of labor and materials.

Erwin E. Albrecht, Oshkosh agent, spoke on "Developing a Mutual Agency." He urged the new agent to line up with some good, well-managed mutual fire companies, both those operating on the deviating and the full rate basis, on both the non-assessable and the assessable plan; similarly, also take on a good mutual auto insurer operating on either the dividend paying basis or at a reduced rate, depending upon the particular local competition.

Direct Writers' Threat Passes

He advocated making house to house and farm to farm canvass and to follow up sales with service.

All accepted forms of advertising are good when used continuously and on a systematic basis. He said his agency spent over \$2,500 for advertising last year and it has paid off well in new

business and renewals. Returns will be steady, but not spectacular. No agent should spend less than \$10 a month for advertising and the amount should become greater as the volume of business increases.

"Some years ago there was a threat from the direct writers," he said, "but the public is looking to the local agent to render him a service and the companies have found that through the local agent they can expand their operations faster and at less cost than by any other method, and without the turn-over of salaried representatives."

As to agents qualification laws, Mr. Albrecht said "if their purpose is to eliminate from the business people who are not reliable and responsible, those who misrepresent coverages and who beat and cheat the companies and the public, I would give such a proposal whole-hearted approval. But let me caution you to go slow. Enforcement of such a law might fall into the hands of someone not friendly to mutuals, or someone particularly friendly to the direct writers or to a particular plan of operation of some one particular company. Since part-time men might be seriously affected by such legislation, I particularly call attention that the Wisconsin mutuals have quite generally built their business through part-timers, like I myself started, until conditions warranted the agent going on a full-time basis."

Commenting on the huge amount of automobile business written with the passage of the new safety responsibility law, he said the main competitor in Oshkosh, and in other cities as well, was from Sears Roebuck. He urged the agents to "go out on the street and burn up shoe leather, and not sit behind the desk and wait for business to come in. Then we need not fear competition from part-timers, the less informed competitor and the direct writer. Don't envy others. You have the same opportunities and abilities, so make the best use of them."

Backbone of Agency

"While we all like to write substantial lines on one risk with large premiums, I feel that a good substantial volume of dwelling business and pleasure cars, are the backbone of a good agency. Don't chase rainbows looking for the big fleet or mercantile line. For me an agency with 2,000 to 5,000 dwelling and farm risks and a thousand or two private cars thrown in, is about as stable an agency as anyone could want. Do it the way we are doing it: Advertise, burn up shoe leather, sell your own product and don't worry too

(CONTINUED ON PAGE 31)

Philip Baldwin Pleads for Harmony

Mutual Agents' Leader Charges Foes of All-Industry Bills Seek Federal Rule

Addressing the meeting of the Wisconsin Federation of Mutual Insurance Companies at Milwaukee, Philip L. Baldwin of Washington, executive secretary of the National Assn. of Mutual Insurance Agents, made a plea for continued harmony.

He declared that insurance for the first time in its history is united and harmonious, "except for a few individuals who for selfish reasons oppose the majority."

Insurance Congress

The all-industry committee, he said, is in the nature of an insurance congress and all joined hands in an effort to meet the challenge of the federal government. During 17 months the previous factors compromised their various differences and the entire industry, together with the commissioners, reached an harmonious agreement.

"Now, this harmony," Mr. Baldwin went on to say, "is challenged only by

a few, and it is more than likely that those few are motivated by a real desire for federal regulation as opposed to state. One leader of the opposition, the manager of an English company, did not avail himself of the privilege of joining in the deliberations of the all-industry committee, but instead waited until the eleventh hour to voice his objections. Another opponent, who represents the brokers of the country, might prefer federal regulation if it meant federal regulation with one governing body as opposed to 48 sets of rules and regulations.

"It is the opinion of many," Baldwin stated, "that federal regulation of insurance, if it should come, will be only superimposed on that of continued state regulation."

Baldwin reminded the agents of the low commission rates paid by the government for war damage insurance and crop insurance in urging their full support to preserve state regulation.

Putnam, Glassick in Top California Assn. Positions

Wheeler Announces Higher Dues, New Assistant Secretary

SAN FRANCISCO—C. M. Putnam, Oakland, was advanced to president of the California Assn. of Insurance Agents at the annual convention to succeed Ira D. Wheeler, Santa Monica.

William B. Glassick of Los Angeles, secretary-treasurer for the past year, was elected vice-president. He will be in charge of furthering membership development which rose from 1,620 agencies a year ago to 1,722 as of Oct. 15.

The increase in membership was ascribed partly in the report of President Wheeler to a new association at San Leandro and revived associations for Taft, Woodland, San Fernando Valley and Westwood. New associations are being formed at Porterville, Delano, Plumas county and in the Wilshire-LaBrea district of Los Angeles.

The report also points out that increased expenses and heavier service demands mean an increase of 25% in dues for all classifications except associate. W. F. Williams has been appointed assistant to Executive Secretary E. E. Hayden to allow the latter to devote more time in the field.

Work on Rating

The directors met with the legislative committee to discuss proposed rating bills and the all-industry bills. Monday afternoon this group met with the officers of the brokers' associations to devise rating legislation to be presented to the legislature.

Samuel L. Carpenter, Jr., general manager of the Pacific Board, extended a welcome and described the reorganization of the board and Pacific Fire Rating Bureau. William P. Welsh, vice-president of the N.A.I.A., discussed the affairs and objectives of that body and John R. Maloney, assistant commissioner spoke on the Public Law 15.

Monday the directors were the guests of San Francisco Blue Goose pond at a luncheon at which Mr. Welsh was speaker.

Harold J. Toso, vice-president of Newhouse & Sayre, described the formation, procedures and operations of Lloyds of London, explaining how business is placed through brokers in this country. He listed some of the unusual coverages placed by the members of the Surplus Line Assn. with Lloyds brokers.

Minkler's Observations

Harold A. Minkler, Hartford Accident, vice-president of the California Casualty Fieldmen's Assn., reminded the group that the S.E.U.A. decision held that insurance was subject to the anti-trust laws, but did not charge that the industry had violated them. The average man gets the impression that insurance is monopolistic, it is actually the road away from monopoly.

Mr. Minkler said that a great volume of insurance is written to comply with



Ira D. Wheeler

Sawyer Declares Total War on All-Industry Bills

Charges Plan Is to "Foist N. Y. Monopolistic" Setup on All States

E. W. Sawyer, who has been making headlines through his criticism of the all-industry proposals, Monday, in a Chicago address, took off the gloves, and delivered a frontal assault on the entire program. He was appearing at the luncheon meeting of the insurance membership group of the Union League club, taking time out from the meeting of the executive committee of the National Assn. of Casualty & Surety Agents of which he is now manager. He is also administrative director of the National Assn. of Insurance Brokers.

Just last Friday, the all-industry committee had unanimously rejected Judge Sawyer's proposal that the model bills in their present form, be labeled as the maximum degree of regulation, and that the committee promulgate less restrictive measures as a model for those states that prefer less than the maximum. The all-industry committee, Judge Sawyer said, rejected the specific "minimum" proposals that he advanced, and also rejected the idea of promulgating any sort of a "minimum" standard.

Slavish Copy of N. Y. Scheme

Judge Sawyer's main thesis was that the all-industry bills are in reality slavish copies of the New York statutory principles, and that the New York rate structure is one of monopoly.

The latest decision of the all-industry committee, according to Judge Sawyer, means that the "New York plan is it", that the other states must accept it, and that there can be no compromise on the degree of regulation provided.

Judge Sawyer said that he is not advocating a change in the New York law but he is firmly opposed to "foisting" the New York pattern on the other states. He declared it would be gratuitous to introduce the model bills in New York because that state is already governed by the same principles.

Judge Sawyer said he doubts the ability of the proponents of the all-industry committee to "put over" the legislation in all states, but he fears the effect of an attempt to do so. Such an attempt, he charged, would be a manifestation of the same disregard of public interest that brought on the present troubles for the industry and this at a time when there is a serious trend in the direction of nationalization of insurance as witnessed by National Service Life Insurance, federal crop insurance, war damage insurance, the Crosser bill, the conversion of unemployment compensation plans to state disability insurance and the Wagner-Murray Dingell bill.

Callous to Public Opinion

Judge Sawyer contended that the initial attempt of certain segments of the industry to seek exemption from the anti-trust laws indicated that many insurance leaders are out of touch with social and economic forces that are at work today. He declared he is frightened by such alleged callousness to public opinion.

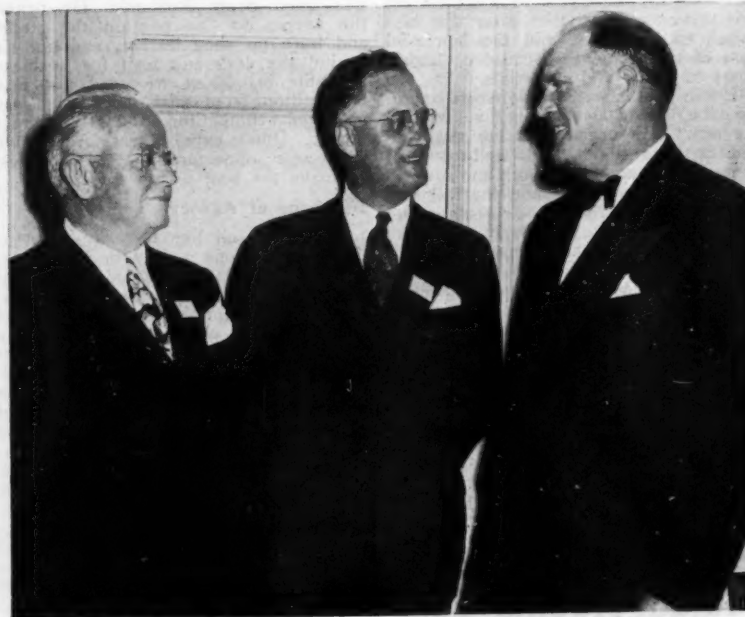
Judge Sawyer compared the situation in California and New York, saying that opposite philosophies as to regulation have prevailed in those two states. In California there has been no rate regulation except for workmen's compensation insurance. He contended that

(CONTINUED ON PAGE 17)

At Indiana Agents Annual Rally



Left to right: Robert McKay, Shelbyville; Professor Robert Mehr, Butler University; Professor J. Edward Hedges, Indiana University; Mrs. Harry McClain; Allen Smith, manager Louisiana association; and Harry McClain, Shelbyville, executive secretary Indiana association, at Indianapolis convention.



From left: Fred Richardt, Evansville; Allen Smith, manager Louisiana association; and Linn C. Kidd, Brazil, president Indiana association.

The Indiana Assn. of Insurance Agents at their annual meeting at Indianapolis last week passed a resolution condemning the Liberty Mutual story which appeared about a month ago in the "Saturday Evening Post."

The group noted that the National association already has decided upon action on the matter, but nevertheless went ahead, saying that the article was so much of a reflection on the agency system that notice should be taken of it.

Another resolution was passed furthering the National association's stand against company participation in local agency management.

Lafayette and Michigan City local boards won the two trophies presented at the annual meeting.

The Lafayette board won the William C. Myers local board trophy for outstanding activities, and the Herman C. Wolff publicity award was given to Michigan City.

Lafayette now has won permanent possession of the Myers trophy.

Commissioner Pearson of Indiana in his talk declared that in considering an agency qualification bill, it should be remembered that much discretion is left with the commissioner, and further that a strong association can do much by itself in promoting better standards.

Mr. Pearson said that he favors strict rules of licensing, but that perhaps not too many new laws are needed to achieve it. If the commissioner uses what powers he already has, he can prevent widespread abuse of the standards of the agency system, he asserted.

Accompanied by J. M. Haines, general attorney for the United States, E. B. Ferguson, general manager for Phoenix of London group, stopped off in Chicago on the second leg of a journey which will take him around the world inspecting the agency plant. Mr. Haines is accompanying him as far as San Francisco, and from there Mr. Ferguson will set sail for Hawaii, Australia, New Zealand, and Africa before returning to London.

Insurance Unit Overshadows Bar Group Sections

55 Papers Given and 12 Round Tables Held at Convention

By KENNETH FORCE

ATLANTIC CITY—The insurance section of the American Bar Association proved its title to the most massive group within the parent organization by presenting the most ambitious program in its 13-year history at the auditorium here. The program occupied seven pages in the bar association book, compared with a maximum of two for any other section, and there were 55 papers, addresses and reports in the three days with 12 round tables presented Tuesday. Approximately 300 members were on hand for the opening session Monday afternoon. The previous day there was a closed meeting of the council at which arrangements for the full program were the principal topic.

J. Harry Labrum of Philadelphia was scheduled to be advanced to the post of chairman, succeeding V. J. Skutt, United Benefit Health & Accident, Omaha. He has been first vice chairman. Thomas W. Handy, Jr., New York, 2d vice chairman, was expected to move up. John Handy of Massachusetts Mutual Life is the perennial secretary, a post he has ably filled for several years.

Membership Exceeds 3,200

Membership stands at an all time high of more than 3,200, Mr. Skutt reported, making the section by all odds the largest in the bar association. Two of the committees with programs this year are new—that on veterans affairs, headed by Harry W. Colmery of Pioneer National Life, Topeka, and the one on insurance status, headed by E. W. Sawyer, New York attorney.

The constitution and by-laws of the section were amended to permit an increase in dues to \$3; to legalize a practice of four or five years of having two vice chairmen, and to permit a majority rather than a fixed number of the council to transact business. Mr. Labrum presented that report.

Vanderbilt Gives Welcome

Arthur T. Vanderbilt, Newark attorney and dean of New York University law school, first chairman of the section, welcomed members to New Jersey.

In his response Henry S. Moser, counsel for Allstate, Chicago, and immediate past chairman of the section, noted that New Jersey lightning, a feature of prohibition days that was brewed from apples, has lost none of its strength but costs a good deal more.

Secretary Handy said the section used to get \$1,000 from the bar association board of governors. This was cut to \$400 last year, and it has been suggested that the section become self-supporting. On that subject Lionel P. Kristeller of Newark, chairman of the publications committee, recommended consideration of a charge for publications because of increased costs.

Most of the committee reports were brief advertisements of the round tables that followed the next day.

Among the exceptions were those on the regulation of insurance companies by Cecil C. Fraizer, Health & Accident Underwriters Conference, and on veterans affairs by Mr. Colmery.

(CONTINUED ON PAGE 26)

Present Fire Unconstitution

Members of Writers Assn.



Ross J. Harman

ided, lauded for skill and committee were F. W. Sundlof, Aetna. T. S.E.U.A. decisory to gear Wallace Ro director of We outlined the Illinois put on using he said Illinois for the "nation which lies at qu said this wou of the associ of the public one of the insurance sub for trade asso clubs. He ac to questioning tough opposi cause many eutive secre sociations.

Suggest Com

The suggest present that greater force through the Prevention Fire Underv field men of the W.U.A. picture. Mr would be tak Robert W Stevens Val field men th the building that it shoul that now is extra prem cushion agai The edge of dalled by p decided to v

N.A.I.A.

as Dates

The Nat Agents has annual mee being Oct.

B. C. Re

NEWAR has been ap the home American.

Credit c

Rates for 10% credit tennial wh tered und and regist many statu ply in the special rat

Present New Ill. Fire Underwriters Constitution

Members of the Illinois Fire Underwriters Assn. seemed well pleased with the proposed new constitution and by-laws of the organization which was given a first reading at the quarterly meeting of the organization in Chicago Board auditorium. Copies had been sent to each member in advance. It is expected that it will be ratified at the next meeting.

President Ross J. Harmon, who presided, lauded the constitution committee for skill and industry. On the committee were D. J. Harrigan, St. Paul; F. W. Sundlof, Hartford, and Grant Bissell, Aetna. Their work had been necessary to gear the association with the S.E.U.A. decision.

Wallace Rodgers, public relations director of Western Underwriters Assn., outlined the public relations program which the Illinois Fire Underwriters are to put on using National Board material. He said Illinois will be a proving ground for the "nationwide program, success of which lies at the regional level." In response to questions from the floor, he said this would be the distinct program of the association and was not to be confused with fire prevention or any other public relations program. Backbone of the drive will be speeches on insurance subjects arranged by field men for trade associations and local business clubs. He admitted, again in response to questioning, that they would run into tough opposition from the mutuals because many mutual secretaries are executive secretaries of local business associations.

Suggest Combined Effort

The suggestion was made by several present that the program would be lent greater force if it were presented through the medium of the Illinois Fire Prevention Assn. rather than Illinois Fire Underwriters Assn. alone. Thus field men of stock companies outside the W.U.A. would be brought into the picture. Mr. Rodgers said the matter would be taken under advisement.

Robert W. Stevens of Marshall & Stevens Valuation Service, Chicago, told field men that there will be a break in the building boom in a year or so and that it should be impressed upon agents that now is the time to be gathering extra premium dollars to provide a cushion against the rougher going ahead. The edge of the building boom has been dulled by prospective builders who have decided to wait, he said.

N.A.I.A. Selects Oct. 13-17 as Dates for '47 Convention

The National Assn. of Insurance Agents has selected the dates for its annual meeting at Atlantic City, they being Oct. 13-17.

B. C. Rehtiensi Advanced

NEWARK—Bernard C. Rehtiensi has been appointed assistant manager of the home office loss department of American.

Credit on Marked Furs

Rates for personal furs will be given 10% credit by Atlantic Mutual and Centennial where the furs have been registered under an approved identification and registration system. Effective in many states at once, the rates will apply in the remaining states as soon as special rate filings can be made. The

SaFurage Registration system has been approved by these companies. This is operated from Newark.

Woman Heads Berkshire Board

WESTFIELD, MASS.—Mrs. Harvey A. Gallup, president and treasurer of the Harvey A. Gallup agency, North Adams, Mass., has been elected president of the Berkshire County Insurance Agents Assn. Miss Lucy Brown of Lenox was elected vice-president and Robert F. Hibbard of Pittsfield, secretary.

Planet of Detroit has been licensed in Iowa.

NAMES GROUP ON COMMINGLING

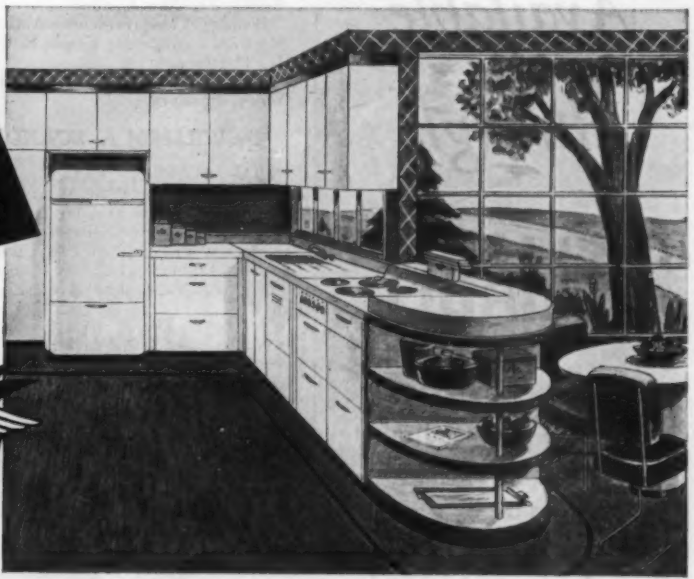
NEW YORK—Superintendent Dineen has appointed an industry committee to advise with the department on the promulgation of reasonable rules for compliance of agents and brokers with section 1255 of the New York insurance law. This is the "commingling" section, which was recently the subject of a hearing by the department. The date of the first meeting for the committee, which follows, will be announced shortly:

Chase M. Smith, American Mutual

Alliance; A. J. Smith, Assn. of Local Agents of the City of New York; Mortimer L. Nathanson, president Brokers' Association Joint Council; Alex Goldberger, Brooklyn Brokers Assn.; Albert I. Menard, Brooklyn Fire Agents Assn.; Charles Stulz, central bureau, New York Fire Insurance Exchange; John G. Derby, Eastern Underwriters Assn.; E. L. Williams, Insurance Executives Assn.; J. W. Rose, New York State Assn. of Local Agents; George H. Ort, Insurance Brokers Assn.; Corey G. Hunter, secretary, Mutual Insurance Agents Assn. of New York. Mr. Dineen is giving much attention to this matter.

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LOCAL bankers will want to know more about our Hometown Credit-Savings Plan after seeing this advertisement and others which are appearing in banking journals. As our representative, tell your banker about the Fireman's Fund credit-savings plan that is designed to help him get more financing business...and you, too, will benefit, for more financing means more insurance.

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Something has happened to Kitchens! Recognizing trends in modern living which make the kitchen the heart of the home, American ingenuity has again scored a bull's eye. Complete, standardized, unit kitchens... functionally designed... shimmering with beauty... now bid fair to take their place with the automobile in popular appeal. And like automobiles, the new sectional kitchens lend themselves ideally to Bank financing. ★Fireman's Fund Group, believing that the ideal combination for the consumer is Bank Financing and Hometown Agent Protection, has created the Hometown Credit-Savings Plan, a complete advertising program for Bank use. Effectively presenting Bank service with a positive appeal, it is designed to help Banks get a greater share of the finance business. Ask any Agent of a Company of Fireman's Fund Group or write the nearest Fireman's Fund office for complete information.

Fire • Automobile • Marine • Casualty • Fidelity • Surety

FIREMAN'S FUND GROUP

FIREMAN'S FUND INSURANCE COMPANY

HOME FIRE & MARINE INSURANCE COMPANY

WESTERN NATIONAL INSURANCE COMPANY

FIREMAN'S FUND INDEMNITY COMPANY

WESTERN NATIONAL INDEMNITY COMPANY

SAN FRANCISCO • NEW YORK • CHICAGO • BOSTON • ATLANTA

Another interest feature of the application is that there is as yet no question of the insurance company insuring a person's property on the basis of a sound valuation, but only to 80% of the value. If the exact value is specifically insured, the insurance is

Time for Suit and Interest Features of Fire Policy

ATLANTIC CITY—George D. Vail, secretary of Corroon & Reynolds, discussed some of the legal possibilities of the 1943 New York standard fire policy before the meeting of the American Bar Assn. here this week. Most of his paper was concerned with the interest feature of the policy and the time for bringing suit under the policy.

The 1943 policy states that no suit shall be sustainable unless commenced within 12 months after inception of the loss. Mr. Vail pointed out that the old 1918 policy referred to 12 months "after the fire," and Mr. Vail said that holdings on older policies using substantially the same language indicate that this means 12 months after the proof of loss, which in many cases will extend it beyond a year after the fire.

Two Cases Pending

Already insurance companies have lost two cases in the New York City municipal court on this very point, which are now being appealed, Mr. Vail said. In each case, the insured brought suit more than 12 months after the fire, but less than 12 months after proof of loss was filed. He also pointed out that by statute in New York, the insured is not required to furnish a proof of loss within 60 days after the fire, despite the policy provisions, unless the company demands it, and then is given 60 days from the date of the demand.

Mr. Vail also said that, although he knows of no court decisions on the subject, it is quite likely that a court will hold that a suit may be started before the insured files a proof of loss, if the company has not demanded it. In that case, the company will lose the right of appraisal and of examination under the policy. The only way to meet this, he said, is to be sure to demand a proof of loss if negotiations are dragging out and it appears likely that the insured may start a suit.

Interest Feature

Although apparently insurance companies have not made any changes in underwriting methods and practices as a result of the elimination of the unconditional and sole ownership clause, and the other "moral hazard" clauses, Mr. Vail reminded his audience that under the new policy the holder of any insurable interest in property can take out a policy on this property, without disclosing the nature and extent of his interest, unless he is questioned by the company, and he can collect any loss on this property up to the value of the insurable interest at the time of the loss. He said that again there are no cases interpreting this, even in the four states which previously used the New England standard policy with similar provisions, but it is his opinion that any such loss will be established on the basis of property damage, not to exceed the value of the insurable interest. He also said that in his opinion it will not make any difference if the loss leaves enough undamaged value so that the remaining security will still be sufficient to liquidate the interest of the insured.

Coinurance Clause Question

Another important question under the interest feature, Mr. Vail said, is the application of the coinurance clause. There is as yet no answer, he said, to the question of whether an 80% coinurance clause attached to a policy insuring a person having a half interest in property will refer to 80% of the sound value of the entire property, or only to 80% of the insured's interest. If the exact interest of the insured is specifically set forth in the policy, the coinurance clause will probably be held

to refer to the interest only and not to the full property value, but there appears to be no answer to the question of what will happen where the interest of the insured is not specifically shown in the policy.

HOLC Closes S. F. Office

The San Francisco office of Home Owners Loan Corp. has been closed, and effective Oct. 31 agents are advised to send all policies and correspondents in connection with HOLC to the Chicago regional office, Merchandise Mart, Chicago.

The San Francisco office had jurisdiction over Arizona, California, Idaho, Montana, Nevada, Oregon, Utah, Washington and Wyoming.

HOLC in Chicago reports it is receiving many policies in which HOLC's interest has been satisfied and advises agents to check their HOLC policies before submitting them.

The report is going around in Iowa that Commissioner Charles R. Fischer will not likely be a candidate for reappointment owing to his health. This term of office will expire next June 30.

W. R. Dignan Forms Agency

CINCINNATI—W. R. Dignan has opened a multiple line agency in the Schmidt building, here. He will represent American Casualty for accident and health and casualty lines.

Miss A. Feldman will be associated with him as agency secretary. Mr. Dignan plans to specialize in programming accident and health coverages. He was general sales manager and supervisor of the accident and health department of the W. E. Lord agency here for the past 20 years.

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GREAT AMERICAN INDEMNITY COMPANY

AMERICAN ALLIANCE INSURANCE COMPANY

AMERICAN NATIONAL FIRE INSURANCE COMPANY

COUNTY FIRE INSURANCE COMPANY OF PHILADELPHIA

DETROIT FIRE AND MARINE INSURANCE COMPANY

MASSACHUSETTS FIRE AND MARINE INSURANCE COMPANY

NORTH CAROLINA HOME INSURANCE COMPANY

ROCHESTER AMERICAN INSURANCE COMPANY

ONE LIBERTY STREET • NEW YORK CITY

Surplus Ship Sales Have Estimated \$12 Million Premiums

WASHINGTON—Premiums on marine insurance on surplus ships being sold by the Maritime Commission to five foreign governments on credit are estimated at \$12 million. Under commission policy, influenced by the State Department, none of this coverage is required to be placed in the American market, although the commission has expressed "preference" that hull insurance be so placed.

British Market Favored

Under the commission's program, 10% of hull coverage can be placed in the local markets of France, Norway, Netherlands, Italy and China and 5% in that of China on surplus ships being sold on credit to those respective governments. The balance of marine coverage on some 250 ships can go to the British market, under the maritime program carrying out State Department policy, it is officially admitted.

Under the circumstances American marine interests are reported scrambling to get at least a portion of the \$12 mil-

Patterson Retires from N. A. U. A.

The National Automobile Underwriters has made a number of changes in the official staff.

Claude Patterson, Atlanta, is retiring as secretary for the southern territory after almost 27 years. He is succeeded by Cecil Durden, who for 19 years has been assistant branch secretary.

In the eastern territory, the board has appointed Allan McCarthy assistant secretary. Mr. McCarthy has been with the association and its predecessor organizations for almost 20 years. During the greater portion of that period he has been in charge of the fleet rate department.

lion business. Companies and brokers are reported proceeding on their own in this effort. However, officials say these interests are handicapped by the fact that in many instances rates on the United States market are higher than on the British market. It is also said that American marine men and interests lack the experience and flexibility that mark the British market approach to marine business such as that involved in the surplus ships sales.

Bureau Steps Up Its Facilities

State police radio communications networks are now being used by the Automobile Protective & Information Bureau in the western territory to facilitate tracing and identification of stolen and abandoned motor vehicles. Approval has been received from the FCC, the bureau states in its annual report which was given at the meeting at Chicago last week.

The move was deemed advisable in view of the increasingly heavy volume of requests for assistance in identifying and tracing stolen automobiles which the bureau receives daily, according to W. J. Davis, assistant manager.

There also is a demand for faster communications between the bureau and police authorities and bureau agents. The use of police nets will materially speed all other stolen automobile messages.

38% Theft Increase

Thefts in the bureau are jumped approximately 38.12% in the year ended Aug. 31, 1946, although automobile thefts showed a downward trend since March after hitting a peak in November, 1945.

Following VJ-DAY in 1945 automobile thefts leaped noticeably and this was attributed to thefts by war workers, thousands of whom were stranded far from home with no simple means of transportation available. Theft by servicemen also figured in the theft peak due to this cause.

Within a short time, however, thefts from this cause began to drop off. In their place the bureau began to notice thefts by individuals intending to resell the stolen automobiles for big profits in a swollen-price market due to scarcity of vehicles.

"Rebuilt Racket"

Special investigations disclose widespread operations of persons engaged in the rebuilding of wrecked, stripped or burned vehicles, and the sale of rebuilt equipment as a regular business. These operations being very difficult to uncover, the bureau maintains a salvage file built up from reports of member companies. This file is available for use by law enforcement agencies probing the "rebuilt" racket.

The annual report says law enforcement agency personnel shortages gradually are being made up, particularly through the adding of ex-servicemen to the staffs.

The bureau says it has received excellent cooperation from state departments, law enforcement agencies and other police groups in the forwarding of stolen car reports which enabled it to effect a substantial number of identifications, thereby making a material reduction in the number of requested tracings.

Open Columbus Branch

The report also announces that a branch office has been opened at Columbus, O., in the eastern territory, in charge of a resident special agent.

The return of former bureau agents from military service has brought the staff back up to normal size, the report discloses.

For the year ending Aug. 31, 1946, there has been no change in total fire

(CONTINUED ON PAGE 18)

Higher Commissions

Some N. Y. Brokers Urge Campaign to Boost Rates

BROOKLYN—A resolution was adopted at a meeting of the Independent Brokers Assn. of Brooklyn exhorting the Brokers' Joint Council to call a mass meeting of all brokers of the metropolitan area for the purpose of inaugurating a campaign to increase commissions. The executive committee of the joint council will probably confer to consider action on the resolution sometime early in November.

The association calls attention to the fact that while the cost of living is going up insurance rates are going down. They believe that there is plenty of room for maintaining or increasing rates, and paying higher commissions which will enable brokers to meet their own increased payrolls and the advancing cost of living.

The joint council is made up of five representatives each from the New York City General Brokers Assn., Bronx Brokers Assn., Brooklyn Brokers Assn., Independent Brokers Assn. of Brooklyn, and Queens County Agents & Brokers Assn. and is particularly concerned with state legislative and regulatory matters.

New Florida Company

State Fire & Casualty is a new company that has been licensed in Florida to write full coverage automobile, general liability and property damage and workmen's compensation. The president is Lee David French. It is located at Miami.

R. I. Thomas Hoosierized

Raymond I. Thomas has been appointed bond superintendent at Indianapolis for Hartford Accident. He has been with Hartford since 1939 at Philadelphia. Previously for 12 years he was with Employers Liability at the home office and at Philadelphia.

L. J. Bradshaw Enters Denial

Lester J. Bradshaw, special agent at Milwaukee for Fidelity & Casualty, has resigned as secretary of the Milwaukee motion picture commission.

Mr. Bradshaw, in submitting his resignation, told Mayor Bohn he wants to permit the mayor to confirm the fact that he has not written any insurance or received any commissions from any other agent or paid any commissions to any other agent on any theater or film exchange or employee of theater or film exchange in Milwaukee since he has been a member of the commission.

Mr. Bradshaw's activities were brought in question when a theater owner told Mayor Bohn that Mr. Bradshaw had solicited his insurance during a conference at which Mr. Bradshaw said that with three minor deletions, Howard Hughes' picture "The Outlaw" could be approved.

Mr. Bradshaw, in a conference with Deputy District Attorney John Barry, said that the theater owner was the one that had arranged the conference and Mr. Bradshaw denied having solicited insurance business from him.

Am. Surety Promotes L. M. Terry

Lewis M. Terry has been appointed assistant manager of American Surety at Salt Lake City. He joined American Surety in 1934 at Salt Lake and was appointed special agent in 1937.

Thomas Morrell, former special agent in Illinois for Home, and now in the Rocky Mountain field for that company, was a Chicago visitor this week. He attended the annual fall meeting of the Illinois Blue Goose, and renewed old acquaintances among the field men. He was accompanied to Chicago by Mrs. Morrell and their two youngsters.

•HINT TO AGENTS•

Distribution pipelines are filling fast. Be ready for the flood of household appliance business which will soon reach your markets.

Inquire about our special Installation Sales Floater.

Our fieldmen can assist you to write a profitable volume of this form of insurance.

New York Underwriters Insurance Company

Ninety John Street

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G. H. Martin Heads N. Y. Blue Goose

Other Officers Also Advanced; P. M. Winchester Made Life Member

NEW YORK—George H. Martin of Newark, New Jersey state agent of New York Underwriters, was advanced from supervisor to most loyal gander of the New York City Blue Goose, succeeding William T. Murphy, Newark manager of F.C.A.B.

All other officers were also advanced a notch. The new lineup, besides Mr. Martin, is: Gilbert A. Dietrich, assistant manager National Liberty, New York City, supervisor; A. Wesley Barthelmes, secretary North British & Mercantile, custodian; Jack B. Quisenberry, general adjuster Royal-Liverpool group, guardian; Robert B. Mitchell, eastern editor THE NATIONAL UNDERWRITER, keeper, and George P. Albies of Newark, New Jersey branch manager of the Pearl-American group, welder.

The new officers were installed by Philip M. Winchester, general manager eastern department F.C.A.B., immediate past most loyal grand gander.

As one of his last official acts, Mr. Murphy presented to Mr. Winchester a handsomely engrossed certificate attesting his election as a life member of New York City pond. This was in line with the tradition of bestowing life membership on a pond member who has served as head of the grand nest. In making the presentation Mr. Murphy recalled that Mr. Winchester had first been elected to the grand nest the same year that he, Mr. Murphy, was elected an officer of New York City pond and that they had worked closely together. He paid the highest personal tribute to Mr. Winchester.

Mr. Murphy also expressed the pond's appreciation to Mr. Winchester for having been a candidate for the grand nest and thereby allowing New York City pond the privilege of being host to a convention.

In his response Mr. Winchester thanked the pond for having sponsored him and supported him for the grand nest. He particularly thanked Robert F. Moore, New Jersey state agent of Boston, general convention chairman, R. C. Williams, general adjuster of Hanover, deputy general chairman, and the other convention committee chairmen for their work in connection with the recent convention.

Vote of Thanks for Murphy

After Mr. Murphy had turned over the gavel to Mr. Martin, Mr. Winchester asked for a rising vote of thanks for the retiring most loyal gander. He pointed out that Mr. Murphy was the first member to fill every office in the pond. Mr. Williams, who was recently designated as deputy most loyal grand gander, also spoke glowingly of Mr. Murphy's fine record.

Mr. Martin, who with Mr. Barthelmes represented the New York City pond at the grand nest meeting, reported as delegate.

Mr. Moore, reporting as convention chairman, said that the affair had cost more than \$13,000 but that there would be a comfortable margin even after all remaining bills were paid. He said he had received at least 50 letters from delegates saying what an enjoyable time they had had. He also expressed appreciation of the cooperation of convention committee members. On his motion, the pond voted its thanks to B. Altman & Co., New York City department store, for giving a fashion show and breakfast for ladies attending the Blue Goose convention.

Mr. Quisenberry paid tribute to Mr. Moore's fine work and stressed the convention's role in cementing the bond between New York City pond and other ponds.

Need Law to Legalize Brokers in California

Speaking at the convention of the California Association of Insurance Agents at San Francisco, John R. Maloney, assistant California commissioner, said that the provisions of the Robinson-Patman Act which prohibits payment of commissions to the buyer or his representative mean that, in California at least, payment of commission to a broker by an insurer will become unlawful after January 1, 1948 unless state law clearly authorizes such

a practice.

He said that he brought this up in view of the fact that many agents also hold brokers' licenses. By statutory definition, the California broker transacts insurance not on the behalf of the insurer, but on behalf of the buyer.

Mr. Maloney said that before the deadline date, it may reasonably be expected that existing state statutes will be brought to cover more of the field embraced by the federal trade commission act, but it is doubtful that state legislation can or should be devised that will completely oust the federal act from applying to insurance.

Urges Montana Rate Law

James G. Jenkin, president of the Montana Assn. of Insurance Agents, asserted federal control of the insurance business could mean a loss of \$400,000 annual revenue to Montana. He addressed a meeting of the Great Falls Real Estate & Insurance Board.

Mr. Jenkin urged that a rate regulatory act be passed in Montana. He voiced the belief that enactment of the model bills would preserve state rights and ward off federal control. He warned of the hazard of failing to act.

23% OF ALL LARGE-LOSS FIRES IN 1945 WERE IN WAREHOUSES

During 1945 there were 163 large-loss fires (\$250,000 or over). 37 of these fires, or 23%, destroyed warehouse properties with direct losses estimated at \$22,835,000 and inestimable indirect losses to the owners and to the national recovery.

The outstanding contributing factor in these large-loss fires was *delay in discovery of the fire and reporting it to the fire department*. In the absence of automatic protection most of the fires reached major proportions before fire fighting forces were summoned.

Whether it is a warehouse property or any other type of industrial or commercial occupancy, the most effective way to overcome such delays is through A. D. T. Automatic Protection Services which minimize the human element in the detection and reporting of fires. These include the *Aero Automatic Fire Detecting and Alarm System* for unsprinklered properties and *A. D. T. Sprinkler Supervisory and Water-flow Alarm Service* for sprinklered properties.

May we tell you how these services can be applied to provide greatly increased protection with possible substantial economies?

3-Alarm Warehouse Fire Causes \$260,000 Loss

2 Injured As Blaze Sweeps 3 Floors

Christmas Stocks Damaged As Cold Weather Hangover Persists



General Alarm Warehouse Fire Causes Loss of \$200,000

Companies Prevent Spectacular Flames From Spreading to Other Buildings

A spectacular night fire left a Salt Lake City warehouse in ruins, after raging for nearly two hours early Sunday.

Loss was estimated at \$200,000 by

owners of the structure, located directly south of the Kaufman Company of Utah building, 525 South Third West street.

General Alarm sounded at 12:31 a. m., and three minutes later a general alarm was sounded, with all available firemen and equipment called to the scene.

It was nearly 2:30 a. m. before the flames were completely under control, after that time the warehouse was

Four Injured Fighting Spice Warehouse Fire

Four firemen were injured, two smoke clouds cut a path over the

were overcome by thick, pungent smoke and 40 pines of apparatus were used today in fighting a stubborn waterfront fire in the River

Warehouse, Inc., at West and Cornsack streets near the Moore-Mc-

The fire, after having been brought under control, burned with renewed vigor at 2:30 p. m. on the fourth and fifth floors, from where, rising up and covering the district. The flames became so severe and the smoke so dense that firemen who had been playing hoses through the windows from aerial ladders were ordered down.

The fire-story brick structure who packed with tin, office, space bare long in storage

start of the war.

The four firemen injured were Capt. Daniel Hayes of Engine Co. 11, who received cuts on the

side of his head, Joseph Decker of Engine Co. 12, who was sent to

St. Joseph Hospital suffering from a fractured arm, and two others

from Engine Co. 13, and two from Engine Co. 14, who

were treated at the city hospital.

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Favor Minimum Legislation in Mo. to Meet PL 15

JEFFERSON CITY, MO.—Insurance agents and brokers of Missouri believe that this state should enact the minimum of new legislation to bring it into line with the S.E.U.A. decision and public law 15. This was indicated at the meeting here of the executive committee of the Missouri Assn. of Insurance Agents with L. H. Trout of St. Louis, new president of the state association, presiding. About 60 agents and brokers representing local organizations in various sections of the state were in attendance, so that it was a really representative gathering.

The discussion of state regulation centered principally on casualty insurance, but fire insurance also was brought up. The matter of licensing producers was also considered and it is almost certain that a qualification bill will be presented to the 1947 legislature.

President Trout was authorized to instruct the legislative committee of the Missouri association to prepare or have prepared a bill for introduction in the legislature to provide such legislation as may be needed in the state, such regulation to be the minimum necessary for compliance with PL 15.

President Trout, the other officers, members of the legislative committee and E. L. Scheufler, the association's general counsel, were authorized to take such action as is advisable in contacting other organizations and interested parties relative to legislation and obtain cooperation to bring about its objectives.

Superintendent Jackson, who had been invited to attend the meeting, was unable to be present because of a previous engagement out of town. Mr. Scheufler was in attendance.

Ill. Blue Goose Has Big Turnout

The Illinois Blue Goose held its annual fall dinner and initiation at the Morrison hotel, Chicago, Monday. Golf prizes were awarded and three life membership certificates given to retired life men.

A. A. Knopp, retiring special agent for New York Underwriters; Samuel H. Quackenbush, retired assistant western manager for Crum & Forster, and Carl Koch, retired Chicago and Cook county manager of National Liberty, were awarded life memberships in absentia.

Golf prizes went to E. W. McDowell, America Fore, Decatur, champion; and to Del Oliver, Emmco, Springfield, and James Riley, Employers Fire, Springfield, runners-up.

Seventeen gossings were initiated with Dan Harrington, St. Paul F. & M., giving the charge.

Paul Bowers, manager at Joliet of Western Adjustment, most loyal gander, presided.

J. Ray Hull, American States, Indianapolis, grand guardian, brought greetings from the grand nest. Over 100 ganders were on hand.

Set Mutual Agents' Rally Oct. 23-25, 1947, Cleveland

WASHINGTON—Samuel Chandler, newly elected president of the National Assn. of Mutual Insurance Agents, announces that the association's 1947 convention will be held at Cleveland Oct. 23-25.

Plans are in process for a 1947 mid-year meeting, to be held at a resort hotel.

Curtis W. Pierce, president Factory Insurance Assn., has been visiting in Chicago this week.

Will of Congress Is Controlling Factor

ATLANTIC CITY—Commissioner Garrison of California, in addressing the American Bar Assn. insurance section here, gave a comprehensive analysis of the competing powers of Congress and the states over interstate commerce.

The trend in the modern decisions, he declared, best exemplified in the case of Prudential vs. Benjamin, is toward a greater collaboration between the federal and state governments.

The tendency has been away from the original pronouncements that the power to decide constitutional limitations on state authority over commerce rested with the Supreme Court. The swing is toward the ultimate power of Congress to decide the extent to which commerce across state lines shall be subject to the regulatory policies of the states. This could be described as the doctrine of Congressional will, he declared.

The limit of the state's power is dependent upon the will of Congress. In insurance, no longer is it true that the business is under the supervision of state authority. The supervision is dual—both federal and state.

That portion of supervision remaining to the states is subjugated to the power and the will of Congress. The will of Congress is now stated in the McCarran act which expresses the wish that the states retain, with some exceptions, their jurisdiction and supervision. Whether there will be changes in that will in our time will depend upon a number of circumstances.

Federal Regulation Envisaged

On the basis of the McCarran act further federal regulation of insurance can be envisaged in two areas. First, in the area of Congressional legislation specifically applicable to insurance in such matters as are not readily amenable to regulation by the state, and second—after Jan. 1, 1948, in that area which public law 15 and the court define as the extent to which the insurance business is not regulated by state law. That extent will be largely determined by the outcome of state legislative programs now being formulated. A third potent factor is the direction of popular preference for further centralization or for decentralization of power in our system of government.

Providence Correction

In the tabulation in last week's edition, showing the standing of the first 25 cities in respect of premium income of insurers of all types domiciled therein, a mistake was made as to Providence. In the stock fire classification Providence Washington was omitted and in the mutual fire division wrong figures were used for the factory mutual companies. This change makes Providence the 24th city in size instead of 20th.

The correct showing for Providence is:

Stock Fire	18,881,732
Mutual Fire	28,309,298
Mutual Casualty	2,529,542
Hospitalization	2,028,430
Total	51,749,002

Federal Authorities Eager to Take Over, Harrington Warns

NEW YORK—Recalling the warnings of Assistant Attorney General Wendell Berge and other government officials, Commissioner Harrington of Massachusetts told the General Brokers Assn. of New York City that federal authorities are showing an inclination to assume full responsibility for regulation of insurance under the Sherman antitrust act if the states fail to take action before the expiration of the moratorium provided by public law 15 Jan. 1, 1948. He called for all insurance people to throw their support behind the all industry committee in effecting the best possible regulation by states.

Mr. Harrington said the model bills are, in some quarters, thought to be the final word on rating methods but a sounder view is that they are only the



T. I. Parkinson



C. F. J. Harrington

best workable plan that can be devised at present.

Thomas I. Parkinson, president Equitable Society, was presented the association's gold medal for "the most meritorious insurance service." Justice Albert Conway of the New York court of appeals and former New York insurance superintendent, who served as toastmaster, presented the medal to Mr. Parkinson saying that the one thing needed to make insurance work is leadership. The association awarded him the medal because Mr. Parkinson has brought the message of private free enterprise before large numbers of men in a most effective way, has been instrumental in developing sound insurance practice for the benefit of policyholders, and has been active in combating invidious legislation directed toward insurance.

In thanking the association, Mr. Parkinson recounted some of his early experiences in the business and said that the industry is faced with two outstanding problems today: the need to reduce hazards and to bring the contribution to stabilization of economic life which insurance makes under sound public policy. These two problems, he said, are common to all branches of the insurance business. It is necessary for all to work together as insurance men, not as members of particular branches classified according to types of risks.

History of Accomplishments

S. Nicoll Schwartz gave the presidential address, reviewing the accomplishments of the association since its organization in 1925. The association helped to establish the first insurance courses in business schools; it opposed control of commissions by the New York department; it fought the practice of allowing auto clubs to issue driving licenses; it helped to break up control by mortgagees of the placement of insurance; it sponsored the brokers and agents qualification law; it opposed compulsory auto insurance, at the same time advocating extension of liability laws; it exposed savings bank life insurance; and it is now active in developing plans for minimum commissions.

Nathan Greenbaum, dinner committee chairman, opened the meeting with a brief talk.

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Confer in Illinois on Repair and Replace Issue

Representatives of the factory mutuals are having a conference Thursday with Insurance Director Parkinson on the matter of writing so-called repair and replace insurance in Illinois. The department had directed the factory mutuals to discontinue selling this cover on the ground that it is against public policy but an effort will be made to induce the department to change its views.

About three months ago, it is understood, the stock companies made a filing with the Illinois department of a depreciation insurance form but this was disapproved. Then recently certain London Lloyds representatives started advertising repair and replacement insurance and they were told by the department that this is prohibited in the state regardless of whether written under authority of London Lloyd's license in Illinois or as surplus line business.

Old Guard Banquet

The Old Guard of America Fore, composed of employees with 25 years or more of service, is holding its annual dinner Oct. 31 at the Hotel Astor, New York. It is the Old Guard's 30th anniversary and it is expected that about 300 will attend. The organization has 744 members countrywide.

Main speakers will be America Fore's chairman, B. M. Culver, and its president, Frank Christensen.

C. L. Newmiller, vice-president of Fidelity & Casualty, will be toastmaster. Henry A. Keck, chairman of the Old Guard and assistant secretary of the fire companies, is in charge.

Schipper Head of Alpha Chi Epsilon

R. C. Schipper, Chicago, technical representative North America, was elected president of Alpha Chi Epsilon, fraternity of alumni of the former Northwestern and Columbia University courses maintained by the fire insurance companies, at the reunion in Chicago last week. He succeeds R. O. Young, Cleveland, manager North America, who had the longest term in the history of the organization, since the war interrupted the traditional biennial reunions.

E. J. Clements, Marsh & McLennan, Chicago, is the new vice-president; Roy Urbauer, marine special agent for Home, Chicago, secretary, and J. G. Hughes, Chicago, assistant Cook County manager Phoenix of London, treasurer. Vincent Davies, Syracuse, and Guy Nearing, Bowling Green, O., were elected to the governing committee.

Member of First Class

Mr. Schipper is a charter member of Alpha Chi Epsilon, finishing the Northwestern course with the first class in 1926. He has been in the engineering department of North America ever since, first traveling the middle west out of the old western department and then stationed in the Chicago service office since it was established.

Over 60, including a large number of wives, attended the dinner Saturday evening, which followed a morning business meeting and the Northwestern-College of the Pacific football game in the afternoon. Tribute was paid to two honorary and three active members who died since the last reunion: C. R. Tuttle, western department manager North America, one of the most important forces in starting the courses; W. R. Townley, head of Underwriters Salvage, one of the pioneer instructors; W. T. Shirley, formerly in the field for New

Roy Jenkins Heads Alexander Firm

NEW YORK—Roy N. Jenkins has succeeded William F. Alexander as president of Alexander & Alexander, national brokerage firm with home office at Baltimore and executive offices here.

Mr. Alexander will continue to be active in the company as director. Mr. Jenkins was formerly executive vice-president. No one has as yet been named to take his place in that position.

William F. Alexander founded the Alexander agency at Clarksburg, W. Va., in 1898 and was soon joined by his brother, Charles B. Alexander, chairman of the firm, in the partnership of Alexander & Alexander. Mr. Jenkins joined the organization in 1910 and has been with it continuously ever since.

York Underwriters at Chicago, who was killed in action in France in 1944; F. T. Kelley, who had been in the agency business in Richford, Vt., and C. S. Smith, in the southern department of North British.

The most important project before Alpha Chi Epsilon is lending assistance to similar courses wherever they may be established and Mr. Clements was appointed chairman of a committee to further this. The latest directory showed a very high percentage of the members active in all phases of the insurance business and the group, which covers classes from 1926 to 1933, already includes one high ranking insurance company officer and three branch managers, as well as a number who have been very successful in the agency business. By the time of the meeting, over 90 of the 137 living active members had responded to inquiries.

Central Mfrs. Reduces Dividend Rate to 15%

Central Manufacturers Mutual announces that Jan. 1 the rate of dividends to policyholders will be reduced to 15% on all kinds and classes of insurance except aircraft on which the rate will be 10%.

Since March 1, 1945 the dividend rate has been 20% on general fire lines and automobile, and 15% on marine.

Before that, a 25% dividend had been paid on general fire lines.

Hunt, Crisp Are Promoted by F. & G.

Fidelity & Guaranty Fire has elected Charles N. Hunt assistant treasurer. Mr. Hunt joined F. & G. in 1938 and was elected assistant secretary in 1941.

The company also elected A. Byron Crisp assistant secretary. Mr. Crisp began his insurance career with Maryland Motor Car in 1915, and was assistant secretary and assistant treasurer of that company. He joined F. & G. Fire in 1933.

Prigge Chief Adjuster

Commercial Union Group has advanced Frank H. Prigge to chief adjuster for the New York metropolitan department.

Mr. Prigge has been staff adjuster handling all classes of claims assisting John H. Shuttleton, recently transferred to the home office as general adjuster.

John F. Bohl of Detroit has completed 30 years' representation of Standard Fire of New Jersey.

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accounts . . .

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Rhode Island Program Strong Drawing Card

Richardson Only
New Officer,
Others Reelected

By WILLIAM A. SCANLON

PROVIDENCE—Manuel M. Gorman, special assistant to the U. S. attorney general and the other prominent speakers proved strong drawing cards at the convention of the Rhode Island Assn. of Insurance Agents, bringing out a record crowd.

Mr. Gorman aided in preparing the brief in the S.E.U.A. case and there was considerable interest in what he had to say.

Those who participated in the popular fire panel were George B. Slater, assistant secretary of Providence Washington; John B. Botler, Pawtucket, an agent who is an instructor for fire insurance classes in Rhode Island State College; Edward La Chappelle, independent adjuster of Providence, and Robert S. Preston, Providence, who acted as moderator.

There were 15 prepared questions submitted to the experts and several other questions from the floor.

The casualty panel was formed of Earle B. Dane, P. W. Wells, Aetna Casualty, and E. L. Baker, Fidelity and

Casualty, all of Providence. President Carleton I. Fisher was moderator.

In this panel there were 11 prepared questions and many more submitted by agents and company men in the audience.

The present officers were reelected for the ensuing year with one exception. There was one change in the regional vice-presidents. W. W. Richardson, Bristol, was named for Bristol county succeeding Bertram M. Wall.

The executive committee will be named later. It is planned to have one member from each local board as a member. The treasurer's report has been sent to each member.

John J. Clarke, West Warwick, was chairman of the nomination committee.

The organization now has 139 members.

FISHER'S REPORT

The Rhode Island association has led the fight against adoption in the state of legislation that would place companies in a competitive strait-jacket and place certain types of carriers in a competitive advantage, President Carleton I. Fisher said in his report. The special commission adopted the philosophy of a less rigid pattern of rate regulation than was proposed by the all-industry committee and recommended to the legislature a casualty and surety rate regulation bill that met with association of Commissioner Carroll. This bill did not pass in 1946, but similar legislation will be proposed at the 1947 session. Unless agents band together in a strong organization they cannot protect themselves against governmental control over our remuneration, he said.

Long before other state associations of insurance agents were engaging in educational activities on behalf of their members, the Rhode Island Association had established its own pattern or pro-

gram in which, again, a lot of independent thinking took place. Very early in the program it was seen that its best success demanded partnership with Rhode Island State College, Mr. Fisher said.

However, as has been the case everywhere, there has been resistance to education by those who have been in the business for some time. They seem to think it is for newcomers, for employees, but not for them. Through local organization much can be done to pro-better qualification of our members and mote better qualification of members.

Closely akin to education are higher standards and here again the association has assumed national leadership and has not followed others. Two years ago the finest qualification law ever prepared was introduced in Rhode Island. Despite the fact it was not enacted copies of it have been in demand from all over the country wherever this problem is being studied. The auto dealer lobby killed this bill on two consecutive occasions because it would make part-time agents subject to the same standards of qualification as full-time agents and some of them desire no interference with anybody being appointed an insurance agents. No success can be had before legislatures without playing the political lobbying game to the hilt, he said.

Bank & Agent Auto Plan

The banks have done their part and more, Mr. Fisher said, in commenting on the bank and agent plan. Whether the agents, individually or collectively have done theirs as well as it should be done is a question. "Again we see the need of strong local organization to publicize these plans and to put them over in co-operation with the banks. But the very organization of the plan is a service to our members that should not be overlooked because it offers every opportunity of earning more commissions and avoiding the loss of much business that would otherwise be inevitable."

"I have left the subject of local boards until last because it is the most important single thing we have to do in the future, reactivate or revitalize the local boards," Mr. Fisher said. "We can do very little on a state wide basis that can not be done much better on the local level. It is very unfortunate that the local boards in this state were originally organized primarily for the purpose of making fire insurance rates and when that function ceased they became dormant in large measure and most of the members seemed to feel that there was nothing for them to do. This is far from true. Every local board should have committees that parallel those of the state and national associations so that when the ball is handed down from the national to the state it can be handed down to the local groups. And when there are matters of purely state interest the state association can organize action through the local units. This is true of educational promotion, promotion of the bank and agent plan, especially true of legislative matters, membership development and many other projects. Further there should be local boards formed in towns and counties where none now exist. The handling of municipal insurance on a group basis is just one matter that could be an objective of such groups. No really strong association exists without strong local boards."

President Fisher was master of ceremonies at the banquet. In addition to Mr. Gorman others at the head table were J. Austin Carroll, commissioner of Rhode Island; Stephen W. Carey III, president of Providence Washington; Leo R. Mongeau, Lowell, Mass., president Massachusetts Assn. of Insurance Agents; John F. Neville, associate general counsel N.A.I.A.; Miss Katherine Connors, Providence, president Rhode Island Assn. of Insurance Women; Lewis B. Plommer, Newport, vice-president Rhode Island Association, and

(CONTINUED ON PAGE 31)

Decide to Keep Counsel Federation in Existence

Henry B. Walker of Evansville, Ind., in his presidential address at the annual meeting of the Federation of Insurance Counsel, reported that after twice giving consideration to the idea of dissolving the federation, the board of governors determined that it is worth while to devote the necessary effort to reactivate the organization.

Despite the fact that there are other similar organizations that are much larger and to which many of the federation members belong, Mr. Walker said the great value of the federation is the opportunity it affords for making closer personal contacts. From intimate associations at these smaller meetings, he averred, can grow true professional friendships. Business can be forwarded to lawyers in other cities in whom the originating attorney has confidence and with whom he can deal on personal terms.

Mr. Walker devoted most of his address to an appeal to lawyers to take a more prominent place in public and political life.

The federation held a one-day session at Atlantic City just in advance of the insurance section of the American Bar Assn.

Glenn R. Dougherty of Time, Milwaukee, was elected president. Mr. Walker was named to the board of governors.

John A. Millener, Rochester, was reelected secretary.

Vice-presidents elected are John T. Hune, Jr., Indianapolis; Nathan Phillips, Toronto; Harley J. McNeal, Cleveland; Merton L. Brown, Boston; H. Beale Rollins, Baltimore; George C. Coughlin, Security Mutual Life, Birmingham, N. Y.

New members of the board of governors are Wilbur McInerney, Washington; Irvin Waldman, New York; J. W. Mahr, Omaha; Brig. Gen. Claude Birkhead, San Antonio; Enry C. Walsh, Worcester, Mass.; Julian Humphrey, New Orleans.

Harry Miller, Atlantic City attorney, (CONTINUED ON PAGE 18)

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The starting point for sound solution of problems of Insurance, Income Taxation, Re-conversion, Accounting and Finance is an accurate knowledge and record of Property Facts.

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5-D-5 FIRE GUARD Vapourizing liquid extinguisher. America's great utility fire fighter. Effective on oil, electrical, grease, and gasoline fires. Will not freeze at 40 below zero. 1 qt. and 1 1/2 qt. sizes.



CD-100 Carbon Dioxide
Extinguisher. Kills fire instantly, yet causes no damage to equipment, premises, or personnel. Effective on electrical, oil, and gasoline fires. Sizes 2 to 100 lbs.



Red Star
RED STAR Soda Acid Extinguisher. Releases strong stream of water under chemical pressure. Immediately effective on wood, paper, oil, and gasoline fires.



Red Star
RED STAR Soda Acid Extinguisher. Releases strong stream of water under chemical pressure. Immediately effective on wood, paper, oil, and gasoline fires.



Protector
PROTECTOR Pump Type Extinguisher. Smooth on fire under a blank. 2 1/2 gallon. 22 gallon. 44 gallon. For use on wood, paper, oil, and gasoline fires.



Alaskan and Protector
ALASKAN and PROTECTOR Pump Type Extinguisher. For use on wood, paper, oil, and gasoline fires. 2 1/2 gallon. 22 gallon. 44 gallon. For use on wood, paper, oil, and gasoline fires.



Plummer
PLUMMER Pump Type Extinguisher. Can be strapped on back and operated from that position. Telescopic pump nozzle. Levers both hands free for fighting fire. Ideal for outdoor fires.

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Distributors in Principal Cities

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NEWS OF FIELD MEN

Home Advances Nelson in Ohio, Pruett in Mo.

Home has advanced Associate State Agent Robert W. Nelson of Columbus to state agent in Ohio.

In 1921 Mr. Nelson joined Home as special agent in Ohio, having previously been connected with the Fire Prevention Survey Bureau in Chicago.

In 1935 he was appointed manager of Home's Cleveland branch office. In 1939 he became associate state agent for Home in the entire state of Ohio.

He recently received a silver medal and 25-year certificate.

Frank M. Pruett has been named a special agent in western Missouri, with headquarters at Kansas City. He has been with the company 3½ years and has developed rapidly from an office clerk to supervisor of sub-agency operations in that office.

Travelers Appoints Nine Special Agents

Travelers has appointed nine special agents. They will receive definite assignments upon completion of training in the fire and marine school.

Those appointed were Robert H. Butler, William W. Fairclough, Lloyd H. Lowe, Allan B. Tarbell, Henry M. Tenney, Jr., Robert M. Welton, Robert E. Pavey, Harold A. Tucker, Jack G. Harris.

Harold W. Osterlund, special agent at New York city, has been transferred to Washington, D. C., in the same capacity.

Mauney Named Commercial Union Miss. Special Agent

Edwin W. Mauney has been named special agent of Commercial Union for Mississippi with temporary headquarters in the Standard Life building, Jackson.

Mr. Mauney has been with Commercial Union five years, and recently returned after army duties as captain in the European theater with the quartermaster corps.

Harris Deputy M.L.G.G.

Ariel C. Harris, Pacific Coast manager of Aero Insurance Underwriters, has been appointed deputy most loyal grand gander of the Blue Goose for the western states.

Joins Trinity Universal

Clifford W. Stickles has been appointed special agent for Indiana by Trinity Universal. Since returning from military service he has been for a short time special agent of Northwestern National, which he represented before entering service.

VA Talk at Wichita

The Sunflower Blue Goose puddle at Wichita heard a talk on the veterans bill of rights and services available from the veterans administration by a Wichita representative of VA. As about half of the puddle membership is made up of veterans, a lively question period followed. A movie film of VA activities was shown.

Inspect Goshen Nov. 17

Goshen, Ind., will be inspected Nov. 7 by the Indiana State Prevention Assn. About 50 members will attend. Richard E. Vernor, Western Actuarial Bureau, will speak at a luncheon sponsored by the Junior Chamber of Commerce and Goshen Assn. of Insurance Agents.

Gibson Ohio Mgr. for North British at Columbus

William A. Gibson, Jr., has been named Ohio state manager for North British group at Columbus. State Agent John L. Magenheimer has been advanced to the home office. Other members of the field staff remain the same.



W. A. Gibson

Mr. Gibson was with the Michigan Inspection Bureau for a number of years, and for the past nine years has represented North British at Detroit. He is a graduate of the University of Michigan, where he also took the law degree. During the war, he was co-chairman of the evaluation committee in the Michigan state police war inspection service. He is now serving his third year as secretary of the Michigan Fire Underwriters Assn.

Ohio Blue Goose Honors Its Servicemen Nov. 11

An elaborate program is being prepared for the "Operation Homecoming" which the Ohio Blue Goose will give at Columbus Nov. 11 in honor of the 80 members of the pond who were in service. Allen C. Guy, Western Adjustment, will be toastmaster and speakers will include George E. Edmondson, Tampa, most loyal grand gander; Gen. Leo M. Kreber, Columbus, representing the military forces; Paul F. Brown of Hanover, Columbus; C. H. Carbutt, Continental, Cincinnati; Frank Weber, Fireman's, Cleveland, most loyal gander, and Fred I. Sipp, Hartford, Columbus.

Martin, Traver in L. A.

LOS ANGELES—John H. Martin of San Francisco, manager Standard Forms Bureau and chairman of the educational committee of the Fire Underwriters Assn. of the Pacific, will address the Southern California Fire Underwriters Assn. Nov. 4 on the new proposed educational program of the F.U.A.P.

G. J. Traver, public relations director of the National Board, will speak Nov. 13 on its public relations program.

Campbell Named in Pa.

Fireman's Fund has appointed Edward L. Campbell special agent in western Pennsylvania, succeeding J. Howard Holliday, resigned. He will make his headquarters with Special Agent Timberman at Pittsburgh. Mr. Campbell entered the eastern department at Boston after graduation from Bowdoin College and recently returned after four years in the army.

Farewell for Goldthorp

The Wisconsin Blue Goose Nov. 5 is giving a testimonial dinner in honor of Frank Goldthorp, special agent of Commercial Union in Wisconsin, who is retiring from active field work.

Mr. Goldthorp marks his 65th birthday anniversary Nov. 1. He was born at Elizabeth, Ill., and in his earlier days was a clerk in a railway office. He started with North British in 1906, served as special agent for North America from 1910 to 1916, and then went with American Central and continued with the Commercial Union

group when it took over American Central. He was president of the Wisconsin field club in 1928.

The Wisconsin Blue Goose is holding a dinner dance Nov. 2.

Ohio Refresher Course

Inasmuch as Nov. 5 is election day, the Ohio Fire Underwriters Assn., will hold its meeting Nov. 12 in Columbus. In the afternoon a refresher course will be put on under the auspices of the Fire Prevention Assn. of Ohio for field men who recently returned from service and are taking up their old duties. Harry C. Krieger, Ohio Inspection Bureau, is chairman of the committee in charge.

N. J. Special Agents Meet

The New Jersey Special Agents Assn. will hold a luncheon meeting in Newark, Nov. 4. Following the business meeting, the members will inspect the Newark police academy, on the invitation of John B. Keenan, director of the department of safety. The academy is also used for training firemen.

Royal-Liverpool Coast Shifts

John E. McCulley and Mac R. Renfro, both of whom have been in the southern California office of Royal-Liverpool at Los Angeles, have been

appointed special agents and will cover that territory. Ralph Schroder, special agent, at his own request has been transferred to northern California.

To Hear Prison Warden

LOS ANGELES—At the California Blue Goose meeting Nov. 1 Capt. J. Kennedy, warden of the navy detention prison on Terminal Island, will talk on the prison and its operation. His son, Thomas Kennedy, will be initiated into the pond.

A dinner dance and New Year party is planned for Jan. 17.

Iowa Blue Goose Activities

R. H. Coggeshall, professor at Drake University, spoke before the Iowa Blue Goose on "What Is News and Freedom of the Press."

The annual duck dinner, sponsored by the Eastern Iowa puddle, will be held at Waterloo Nov. 12. Headquarters will be at the Russell Lamson hotel.

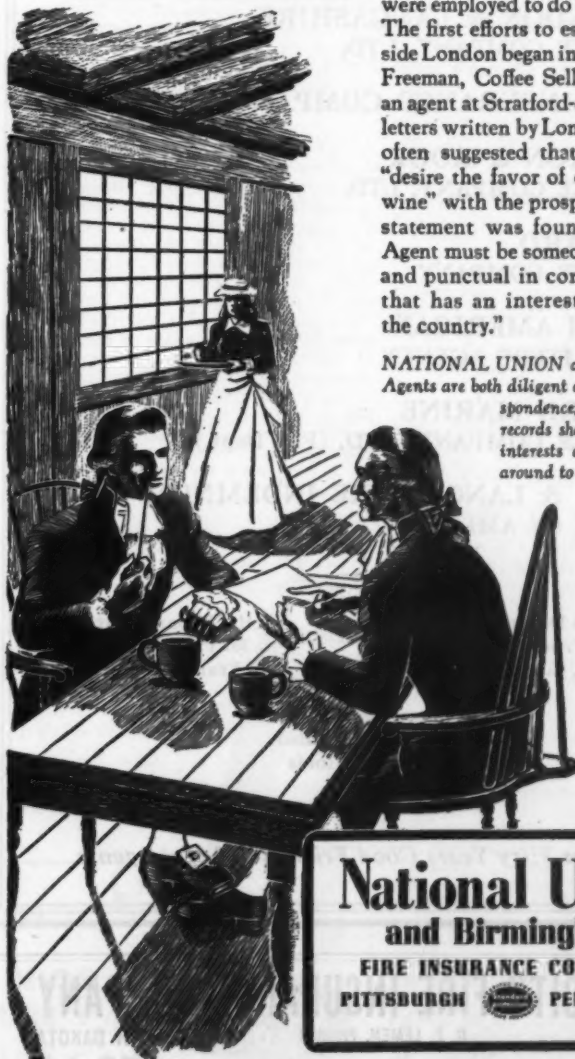
Bunten to Cedar Rapids

Fire Association has moved its Iowa state office from Des Moines to Cedar Rapids, where it will be located in the Guaranty building. J. H. Bunten is state agent.

Highlights

IN INSURANCE HISTORY

AGENT BEGINNINGS



The first insurance companies did business over the counter, then, as the business grew, men were hired to collect renewal premiums. These men had to cover such a wide area in their collection work they soon became known as "walkers." Later regular company clerks were employed to do this walking work. The first efforts to establish agents outside London began in 1710, when Joseph Freeman, Coffee Seller, was appointed an agent at Stratford-on-Avon. Business letters written by London agents in 1800 often suggested that the agent would "desire the favor of drinking a glass of wine" with the prospect. The following statement was found in 1727: "The Agent must be someone who is diligent and punctual in correspondence, and that has an interest and rides about the country."

NATIONAL UNION and BIRMINGHAM Agents are both diligent and punctual in correspondence; also, their production records show they have plenty of interests and the ability to get around to the right places.

**National Union
and Birmingham**

FIRE INSURANCE COMPANIES

PITTSBURGH

PENNSYLVANIA

NEW YORK

ROYAL-LIVERPOOL GUARDS MEET

A record number of the Royal-Liverpool Guards, veteran employees in the group, attended the annual meeting of that organization last week, and 269 attended the reception and dinner at the Park Central Hotel. Simultaneously the San Francisco chapter held a similar meeting and dinner.

Membership in the Guards includes employees of the Royal-Liverpool group throughout the United States with a record of 25 years or more of employment. President George A. Bernard, reviewing activities since 1945, reported that 8 members had died and 60 added, bringing the total to 541.

Speakers included H. C. Conick, and two guests from the head office—Lord Cornwallis, director of Royal and Liverpool & London & Globe and chairman of the London board of Royal; and C. F. Troatan, general manager at Liverpool.

All officers were reelected. George A. Bernard, president; August Westphal, first vice-president; Elmer R. Voorhis, second vice-president; Miss N. L. Koelker, secretary; W. H. Ackerman, treasurer. Reelected to the governing committees were Wilfred G. E. Thompson, R. R. Stone, Miss Jane Aikman, George Bruhn.

CHANGE BROKERS BY-LAWS

The Insurance Brokers' Assn. of New York has changed its by-laws to provide that directors may not succeed themselves, after serving a full term.

The directors also authorized expansion of the number of junior memberships open to licensed brokers who have been licensed less than five years.

CHICAGO

HOTEL SHERMAN FIRE SLIGHT

Hotel Sherman sustained an evening rush-hour elevator fire which caused no fatalities and an estimated \$10,000 damage. The blaze broke out shortly after 5 p. m. at the base of the shaft, sending smoke and flames shooting high in the building. Mindful of the LaSalle hotel catastrophe, hotel employees wasted no time summoning the fire department and the fire was confined to the single shaft where it originated. Chief Fire Marshal Mullaney said this prompt action was decisive in stopping a conflagration. He said the only damage was to electrical equipment, and that the fire apparently started in an accumulation of grease in the shaft.

FARMERS SEEK MORE INSURANCE

Farm underwriters are watching the situation as to building values because there has been a material increase comparable to that in city property. Farm men, however, are reluctant to let the insurance follow the full increase, as they fear a loss. In some cases, it is found that city men are purchasing farms and erect expensive buildings or make additions and add to the visible

property value. It is found that the expense has been incurred and at the time being the values are there. The new buyer wants to have his property fully insured. Endorsements on farm policies are now coming in at rather a rapid rate and calling for additional insurance.

Many of the farm underwriters say that farmers do appreciate the increasing value in live stock and all farm products. They come in contact with this feature, from time to time. The men say that the farmers, seemingly are not able to visualize the increasing building values.

PUTS MAIN ACCENT ON COMPETITION

(CONTINUED FROM PAGE 1)

trust laws will provide the necessary corrective.

"Controversy now revolves primarily around the word regulated as used in the act. A ray of light is cast upon its meaning by the Congressional history of the law. But such light is negative rather than positive. It is easier to state what it does not mean than what it does mean.

Private Controls Under Umbrella

"It seems abundantly clear that the McCarran act cannot be construed as an invitation to the states to foster a system of private controls under a cloak of state protection. Nor is it an invitation to the states to establish areas of immunity from the antitrust laws for the furtherance of selfish private interests. The keynote is the public interest.

Any attempt to use state law only for the purpose of ousting the application of the antitrust laws to the business of insurance—to seek thereby to preserve competitive advantages or restrictive practices—is contrary to the spirit of the act. It would constitute clear proof to Congress that the protection of the public interest requires federal action. Nothing short of fairness, efficiency, and the preservation of competitive opportunity offers a chance of permanent success.

"Thus, it is reasonable to suggest that the state power to regulate in the ambit of the antitrust laws should be used sparingly and with extreme discretion. It is no more convenient to the insurance business to be guided by the principles of free enterprise than it is for other industries. From the viewpoint of the industry, it would be far better to abolish restrictive practices than to attempt to preserve them under the aegis of state law. From the viewpoint of the states, no useful purpose can be served by attempting to oust the application of the federal antitrust laws as to practices accepted as improper.

Should Avoid Rigidity

"But where the states do act, it is essential that they take positive measures to prevent abuses or combinations among private groups which inhibit competition, promote the concentration of economic power, or otherwise restrain trade and commerce in insurance. Rigidity should be avoided. A full measure of competition must be preserved. Where combined activity is authorized, effectual safeguards must be established to guard against misuse of the grant. That is my construction of the word regulated in the McCarran act.

"Obviously, rates and rate making are the critical issues before the industry and the states. They were the critical issues before Congress. It is argued that cooperative rate-making, illegal under the Sherman act, is indispensable to some parts of the business. The basis for this contention is the fact that most phases of the insurance industry have no actual cost base and, therefore, are compelled to rely upon the probability that past experience will be repeated within reasonable limits. Since insurance is based upon the spread of risk, it is argued, the combined experience of a number of companies constitutes the only reliable guide for the future. The experience of one, or even of a few companies may be an unsound guide.

"It is not difficult to accept the premise that experience should be combined for rate-making purposes. Only in this

way can the industry determine what may be called pure cost. But the use of the same final rate by all companies is quite another matter. Analysis of rate demonstrates the presence of a number of factors—pure cost (which might in the case of fire insurance be expected to include conflagration hazard) acquisition cost, administrative cost, and profit. All of these are not uniform for all companies. Any agreed rate must be weighted in favor of the least efficient participant in the agreement. And an agreed rate can compensate for inefficient management or poor underwriting judgment.

"Basic Floor Rate" O. K.

"The need for use of common experience or even for a basic rate floor does not necessitate depriving the public of the benefits of competition. I believe that the flexibility of the Sherman act would permit a plan whereby experience without agreement on final rates could be made of common experience.

"The vital issue is to preserve the delicate balance between the use of sound industry practice and the protection of competition. Congress itself has clearly indicated that the McCarran act was not designed to authorize the establishment of a rigid, non-competitive rate structure. In committee reports submitted during the legislative course of the act, we find these unambiguous words:

"Nothing in this bill is to be so construed as indicating it to be the intent or desire of Congress to require or encourage the several states to enact legislation that would make it compulsory for any insurance company to become a member of rating bureaus or charge uniform rates. It is the opinion of Congress that competitive rates on a sound financial basis are in the public interest.

"Here then is a guide for the states in the regulation of rates and rate-making.

At the W. K. Cross-Roads

"The extent to which the states shall regulate these or other practices in the business of insurance is, of course, one for their own determination. I have ventured to express some opinions, but the Department of Justice should not be regarded as approving or disapproving any specific bill or drafts of bills now being considered in the states. We do believe, however, that the answer to the problem of preserving the American way of life lies in the safeguards historically developed to protect freedom of enterprise against arbitrary invasion by private groups or by government.

"We must recognize that insurance is at a cross-roads in its history. One path leads to independence and maximum economic freedom. This is the

(CONTINUED ON PAGE 17)

THE OLDEST INSURANCE COMPANY IN THE WORLD



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SIOUX FALLS

D. P. LEMEN, President

SOUTH DAKOTA

1905

Forty-one years of service

1946

POINTERS FOR LOCAL AGENTS

WALTER MEYLER DETROIT SPEAKER

Gives Valuable Pointers on Boiler and Machinery Cover

Walter T. Meyler, Detroit manager for Hartford Steam Boiler, discussing boiler and machinery insurance, at the recent meeting of the Detroit Agents, recited the boiler and machinery coverages available for mercantile risks, apartment houses, and similar lines as loss or damage to boilers and machinery covered by the insurance, and for damage to all other property of the assured wherever located, including building, machinery and contents, resulting from an accident to insured equipment. Included are, additional expenses incurred to expedite repairs, or for temporary repairs, subject to policy conditions and policy limitations; the assured's liability for damage to property of others (including loss of use of property of others); the assured's liability for bodily injury or death, excluding workmen's compensation liability; use and occupancy, and consequential damage coverage provided by endorsement to the direct damage policy.

Walter T. Meyler

An agent asks whether a 50 h.p. motor should be insured. That depends upon the individual plant. Such a motor in a large automobile or steel plant, can probably be replaced by a spare motor. The cost of repair or replacement would seem very little to a large corporation, but a 50 h.p. motor, if located in a laundry would probably be driving most of the machinery therein through line shafting and belts. The owner would probably not have a spare 50 h.p. motor. The plant would cease operating. The average laundry does not have the large financial reserve of a large corporation. The cost of repair or replacement would have to come out of the owner's pocket. In addition, his plant

would be shut down and he would be suffering a business interruption loss, all of which could be and should be protected by direct damage and U. & O. insurance on motors.

Appraising the Risk

In considering what equipment should be insured, it is desirable to consider the value of the boiler or machine itself, and the amount of damage its destruction might cause to surrounding property. If a failure should occur such as an explosion of an air tank, hot water heater tank, refrigerating system, steam turbine, flywheel, steam boiler, or other pressure vessel, what would be damaged? Aside from consideration of the value of the direct damage, which would pay property damage loss, most careful study should be given to the essentiality or importance of the machine to the assured's production, so as to determine whether it should be covered by business interruption or U. & O. insurance.

Currently written policies cover accidents caused by malicious mischief and the use and occupancy consequential coverage endorsements do not bear the old wartime priority exclusion clause. Boiler premiums exceed machinery premiums. The better informed agents now, often, start with electrical equipment instead of the boiler. They consider the business interruption or use and occupancy exposure and start with the incoming feeder line or cable where it leaves the public utility company line, furnishing the electric current, and recommend insurance on those main cables feeding the plant. Then they follow through on the electrical equipment and recommend insurance on the principal and essential transformers and main switchboard, the important departmental distribution switchboards, and the essential cables or wiring, inter-connecting the switchboards and transformers. Next in importance are the larger electrical motors driving essential machines, such as pumps, refrigerating compressors,

air compressors, and other key machines.

Having taken care of the electrical equipment, the modern agent next considers the pressure equipment. That is, equipment that may explode, collapse, or rupture from pressure. Included are refrigeration systems, air conditioning systems, air tanks, and air piping, steam boilers including steam piping, pressure vessels of all descriptions, including hot water tanks, coil water heaters, laundry flat work ironers and jacketed kettles.

Next the prime movers, such as steam engines, steam turbines, and steam driven compressors, are considered. What size machine should be protected by inspection service and which machines do not warrant the protection? This subject must be studied for each individual plant and a custom-made policy drawn up. No two plants are alike in their mechanical equipment, their methods of processing, and financial position.

Companies help agents by having special agents make extensive surveys of the plant equipment and furnish the agent with a proposal for the assured showing the boiler and machinery objects in the plant that should be protected and the premium for inspection service and insurance covering direct damage and use and occupancy or consequential loss. Many agents do not understand the difference between a survey and an inspection. Many orders received from agents by insurers are confusing. The company cannot clearly determine whether the agent has a definite order, or whether he merely desires a survey, so as to furnish rates.

Service Is Costly

Where insurance is definitely ordered, the companies make extensive and expensive inspections, and write the policy, which service is vastly more expensive than the writing of the average fire or casualty policy. Therefore, companies do not wish to go to this expense unless the agent has a definite order. Upon an agent's request, the insurance company is glad to make, without obligation to the agent or assured, a survey of the plant equipment for rating purposes. Also most special agents are glad to accompany the agent, if desired, to the plant to help sell this protection. Many cities have central steam in the business

(CONTINUED ON PAGE 31)

Vining Tells Agents Their Faults

V. E. Vining, sales consultant Westinghouse Electric Corp., gave an outstanding address at the annual meeting of the Indiana Assn. of Insurance Agents at Indianapolis last week.

Mr. Vining told the agents what is the matter with them and then how they could improve.

Mr. Vining declared that selling and salesmanship are too often defined on the basis of failures. Good selling is never apparent and a successful salesman "does business," he said. He pointed as an example to the Fuller Brush "man," who is not thought of as a salesman. On the other hand, a man lugging a vacuum cleaner down the street with a tired-out appearance is everywhere called a salesman.

Insurance men make the mistake of selling policies and not people. That is a salesman's mistake, he said. He sells his product and not his customer. Mr. Vining mentioned that in two towns where he has lived, he has had to go to an agency to get his insurance and no attempt was made to sell him any more than he asked for. When he asked for insurance on his home, the agent sold him the amount requested and with each renewal continued the amount, paying no attention to changes in values.

Why Fear the Prospect?

Why are insurance men afraid to approach a prospect and tell him what he can have and what he needs? Mr. Vining asked. The prospect can do no more than say he doesn't want it, but at least he has made a choice and knows what is available.

Instead of concentrating on a single policy and hitting every customer for that particular business, the agent should take complete care of less people and do it better. A local grocer needs only 80 customers to keep him in business. An insurance man could figure out how many it would take for him if every client were fully protected. Then he could use those as a nucleus, keeping their business 100% with a personal touch and selling more as it is needed.

Single Policy Campaigns

Campaigns for putting across increases on dwellings, but leaving the rest of the risks undeveloped can lead to serious consequences for an agent, he said. A business man expects his agent to take care of his insurance problems. He does not want to have to remind the agent what he needs or to have his policy increased as values go up. The agent should not decide what policy his client does not want and then refuse to tell him about it, Mr. Vining declared.

Another important angle of the business is training new men. There is a desperate need now for agencies to take on potential partners who can carry the business on, Mr. Vining emphasized.

When a new man is started in training, there are two important factors for the agent to keep in mind. First, the man must receive consistent and thorough training. Then he must be paid a decent amount.

Starting a man out at low pay puts the entire gamble with the trainer and the agent takes no chance, Mr. Vining declared. That leaves the new man feeling he has no stake in the business and he cannot become enthusiastic. Pay for new men today should not be based on what a starting man got 30 years ago.

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The Stuyvesant is big enough to guarantee our agents expert underwriting, intelligent management, prompt and just claim settlements and liberal contracts. Yet, it is small enough that every agent receives personal home office cooperation.

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EDITORIAL COMMENT

Value of Youth and Enthusiasm

A company executive of real distinction who is achieving much in results said that the success of an organization depends on two vital factors—enthusiasm and youth. He declares that unless these two elements are developed, maintained and strengthened, an organization will become static and perhaps decline.

He takes the position that men forming an organization can be compared to baseball players. When they are in the making, they are striving hard, working diligently, endeavoring to perfect their technique and building prestige. They are on the up so to speak.

This executive observed that in the earlier days of building, baseball players, probably, are not paid what they deserve. Then they are nearing the peak of their usefulness. They are tapering off. Then comes some years leveling. During this time, he maintains that the players are sufficiently compensated. After awhile, in his opinion, age gets in its work. The baseball players cannot stand the raff. Their legs give out. They are not nearly so adept,

or quick, or alert.

Slowly he finds that men in organizations when they reach that leveling point show a similar condition of what might be called decay. It is, of course, in its infancy, but it gradually increases. The enthusiasm of years ago has considerably waned. In this period, he states, undoubtedly baseball players are overpaid and seemingly, men in organizations are overpaid during this time. He made a very significant observation, but in this third period, more baseball players and more men in organizations, are overpaid than underpaid for their labors.

The main point in his business philosophy is that the organization must watch its personnel and not permit the older people or the overpaid to outnumber so much the younger and underpaid, because it is the younger people that engender enthusiasm.

The solution, in his opinion, is to keep plenty of younger men starting in so that they greatly offset the older ones, especially those that have reached the period of "sere and yellow leaf."

We Do Not Desire "Oomph" Abolished

We have been reading in papers about a case that has been attracting attention in England as to whether "oomph" is a word and whether it could rightfully be copyrighted. It was in connection with some shoe manufacturers that wanted to have a trade mark copyrighted, the shoes being called "Oomphies." The lower court decided for "oomphies."

We acknowledge "oomph" has been applied in this country as a characteristic, especially to girls. In other words, as we understand it, when applied to a

young maiden "oomph" means radiant, spirited and animated. It implies piquant personality. We are opposed to any attempt to eliminate this word from our vocabulary. It is one of those words more recently coined that have a distinct meaning. There is something a little distinctive, something unusual, something that shines with a radiant glow. We do not see how it can appropriately be used to name a style of shoes. It can be used, however, to describe a style of girl.

Creating a Good Atmosphere

The air of some insurance company offices is cold and formal. The route from the front door to executives and even department heads often is barred by doors and personnel. This creates an atmosphere of remoteness, which must affect employees, customers and other outsiders.

It is difficult to establish and maintain an atmosphere in which the employee feels that he is participating not only in the routine drudgery of the company but its big decisions, sharing the life of the firm partially at the level of the executive as well as carrying on the minor but wearisome chores.

Some executives accomplish this by maintaining an open-door policy. They are in sight and within reach of any reasonable approach at all times. One executive created a sense of participation among employees by occasionally stepping out of his office and dictating in a perfectly clear voice to his secretary. It may be a letter to a customer, a memorandum to a salesman, executive or department head. He has the faculty of doing it in a way that it is entertaining and at the same time does not detract from the importance of the subject.

People are quick to resent deliberate walling-off. The reaction is that the

person who puts up the barriers thinks he is better than those who are shut out.

Executives do not have to transact business in glass cases equipped with amplifiers, but there is so much in their day's work that can be open to employees, and should be. They can establish

a friendly atmosphere which makes for loyalty without going to lunch with the office boy. It is a matter of attitude. There are other defenses against loss of time, requests for raises, and the like than closed doors, and if an executive feels he is a better man than an employee he should studiously avoid showing it.

Finding Out What Employees Want

With the mounting cost of living and the payment of higher salaries and wages, it becomes more than ever important to obtain full value for the money that is paid out. High morale means high production and job satisfaction is a phrase that has come to have much significance. Since so much depends on the correctness of assumptions as to what produces job satisfaction, it may be well not to depend on assumptions that may be outmoded or just plain wrong.

The National Retail Dry Goods Assn. recently took on the task of finding out what some 3,000 employees and executives wanted in their jobs. There was

a startling difference between what they say they want and what their supervisors think their subordinates want.

Following is the way the answers stacked up:

What Employees Say They Want

1. Credit for work they are doing
2. Interesting work to do
3. Fair pay and salary increases
4. Understanding and appreciation
5. Counsel on personal problems
6. Promotion on merit
7. Good physical working conditions
8. Job security

Apparently it doesn't do to take too much for granted in guessing what employees think, particularly when it is so easy to find out.

PERSONAL SIDE OF THE BUSINESS

C. F. Codere, president of St. Paul F. & M., has been elected a director of the First National Bank of St. Paul to succeed the late F. R. Bigelow; for many years chairman of St. Paul.

Harry I. Maxson was feted at a luncheon by the Dallas office of Home, marking his 25th anniversary representing Franklin. A partner of Maxson-Mahoney-Turner local agency, he was one of the largest individual producers in the southwest when he took on Franklin in 1921. He has been prominent in the National Assn. of Insurance Agents.

John F. Stafford, No. 1 citizen of Babson Park, Fla., has moved to Lake Wales, Fla., where undoubtedly he will become as renowned and as useful as he has been at Babson Park. His residence is at 802 Campbell avenue Lake Wales. Mr. Stafford's sister, Mrs. Scrugham, is residing with him. He has completed 10 years of service as mayor of Babson Park and held other important positions there. He was formerly western manager of Sun at Chicago.

Thomas B. Sweeney, Wheeling agent, is a candidate for United States senator in West Virginia and is given a good chance of defeating Senator Kilgore.

Carl H. Johnson, who joined the Don Miller Co. of Minneapolis in charge of the fire and marine departments, is a 1929 fire protection engineering graduate of Armour Institute. Then until 1932 he was on the engineering staff of Underwriters Laboratories and was on the fire protection faculty of Illinois Institute of Technology. For the next four years he was with the Iowa Insurance Service Bureau, and then for nine years

was in the Minnesota field for Crum & Forster. Since July, 1945, he had been with Phoenix of Hartford in Michigan.

He was president of the Minnesota Underwriters Assn. in 1943.

John D. Martin, 89, the oldest active local agent in Chicago still in business, left last week to spend the winter at the Hotel Martin in St. Petersburg, Fla. Mr. Martin has been in the business for 58 years in Chicago. He belongs to the famous Three-Quarters of a Century Club at St. Petersburg. He took an active part in its songfests and now has blossomed into an actor and plays Shakespearean parts.

Lieut. Col. John Y. Latta of Parker & Co., aviation insurance specialists of Philadelphia and New York, received the legion of merit at ceremonies at Philadelphia. This is in recognition for his work as chief of the insurance branch in the procurement division of the air technical service command headquarters at Dayton during the war. The citation states that the extensive savings in premium costs effected by Col. Latta contributed in a high degree to the success of the air force's procurement program. Prior to the war he was manager of the insurance department of American Security & Trust Co., Washington.

Edward T. Miazza, New Orleans manager of Fire Companies Adjustment Bureau, was married there to Mrs. Lee Van Don Richardson of Mobile. His brothers, James F. of Dallas and Eugene, New York, both with F.C.A.B., attended the wedding.

Lawrence J. Tillman, U. S. manager of Century, is on his way back to New York from a trip to the Pacific Coast.

October 31, 1934

He will be in this week.

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Russell R... "American... eran insuran... uted an in... eminent sta... section of Tribune" O...

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Prior to

THE NATIONAL UNDERWRITER

PUBLISHED EVERY THURSDAY

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SAN FRANCISCO 4, CAL.—507-8-9 Flatiron Bldg., Tel. EXbrook 3054. F. W. Bland, Pacific Coast Manager. Guy C. Macdonald, Pacific Coast Editor.



He will be in Chicago the latter part of this week.

W. T. Cline, senior partner of Conkling, Price & Webb, Chicago general agency, and a principal owner of the newly organized Life Associates, Inc., with Mrs. Cline, is planning to spend two weeks at Paradise Inn, Phoenix, Ariz., with Governor and Mrs. Green of Illinois, commencing Nov. 8.

Harry S. Byrne, prominent local agent of Omaha, was guest of honor at the founders' day banquet of the alumni association of University of Omaha. Mr. Byrne retired in July as a member of the board of regents of the university, after serving eight years.

Russell Rhodes, former editor of the "American Agency Bulletin" and a veteran insurance newspaperman, contributed an interview with Jo Mielziner, eminent stage designer, to the drama section of the New York "Herald Tribune" Oct. 27.

Jack Ward, son of **Byron R. Ward**, special agent in Kansas for Glens Falls, was elected president of the Topeka high school student congress which is the student governing body.

L. T. Hussey, veteran Kansas general agent, is recovering from a slight illness at his home at Topeka.

DEATHS

Judson Tooley of the Tooley Bros. agency, Hastings, Neb., died there.

John Shoemach, 48, for many years with the old Cook & Cook agency at Wichita died of a heart attack in a hotel at Casper, Wyo., Oct. 19th, where he had gone in connection with his oil operations. He left insurance for the oil business some years ago.

Robert C. Royer, 63, president of Davis & Stephenson, Roanoke, Va., died there. He started in 1903 with Davis & Stephenson as an office boy. Except for a brief period with U. S. F. & G. at Baltimore, all his business experience was with that firm. When Walter G. Stephenson purchased the agency, Mr. Royer was elected president.

Leander D. Chase, 69, veteran city superintendent in San Francisco of Springfield F. & M., died from a heart attack. He had retired after 50 years with the company but was called back into activity during the war. A son, John D. Chase, is with Travelers Fire and a brother, George E. Chase, is a San Francisco independent adjuster.

John E. Mears, 60, local agent at Racine, Wis., for 25 years, died suddenly at his home. Born in England, he had lived in Racine more than 40 years. His son, Walter E. Mears, is associated in the agency.

Richard C. Nicodemus, Jr., 42, head of the Nicodemus Insurance Agency, Madison, Wis., local agent, was found dead behind the wheel of an automobile in a garage. A hose had been used to conduct exhaust gases into the car, and the coroner listed the death as suicide by carbon monoxide poisoning. A committee of representatives of companies in the agency announced that policyholders will not be affected and that arrangements are being made for continued conduct of the agency.

Bruce T. Bullion, former insurance commissioner of Arkansas, died suddenly at his home at Little Rock Monday afternoon. He was appointed commissioner in 1917 when the insurance department was divorced from the state auditor's office and given independent status, and served until 1925. He was known as Arkansas' first commissioner. At the time he left office he was second vice-president of the National Assn. of Insurance Commissioners. On his retirement from office, he established a law office and did considerable departmental work. He was succeeded as sioner Mr. Bullion was secretary to commissioner in 1925 by M. J. Harrison.

Prior to his appointment as commis-

Gov. McRae and a member of the tax commission.

E. L. Murtha, for 29 years connected with Pacific Fire's metropolitan New York department, died suddenly.

Peter M. Rigg, 62, for many years a local agent at Hingham, Mont., and a prominent citizen of that state, died at Chester, Mont. He was former secretary to the U. S. minister in Lithuania, he was at one time in the Montana legislature and was clerk of the Montana supreme court.

Albert J. Burle, who was formerly with the Charles N. Roe agency, Detroit, died suddenly at his home.

Mrs. Louis F. Pressler, 87, died at the home of her son, H. S. Pressler, at Cincinnati. Mr. Pressler is well known in the general insurance field.

Charles S. Passmore, who had been a local agent at Butte, Mont., about 50 years, died.

Justice Dep't Aid Gives Views

(CONTINUED FROM PAGE 14)

way of free and private enterprise. The other path leads to public and private controls. That is the way of regimentation. Perhaps never before has the choice of blessings or evils been so plainly, even bluntly, offered to an industry. The choice is open—but in making your choice take care lest like the frogs in Aesop's Fable you choose the stork for king in place of the log.

"The representatives of the business, each in his own sphere of knowledge and experience, have a duty beyond the confines of their own immediate interests and gains. That duty is to bring to the public, to the industry and to government a better understanding of the industry's problems; to point out fallacies in any existing practice or law which interfere with sound development; to sweep aside outmoded practices; and to render help in the drafting of constructive legislation. If private enterprise in the insurance business is to fulfill its promise and its obligations, the states must police it without obstructing it and must encourage it without pampering it.

"Thus they can play their parts in a free enterprise system that makes possible genuine security.

"The task ahead calls for the greatest wisdom and understanding on all sides. It is your responsibility to see that whatever measures are used to cope with urgent situations, or in determining policy, the foundations of free enterprise are not undermined."

Berge Expounds Anti-Trust Doctrine

(CONTINUED FROM PAGE 1)

ing purposes is "reasonably clear." Accuracy of prediction requires the broadest possible record of past performance, but he went on to say that other factors besides "pure cost" based upon past experience affect a rate. There is administrative expense, acquisition cost and profit which are not uniform for all companies. "Any rate agreed upon by competitors must be so weighted as to protect the least efficient operator," he contended. Thus the necessity for using common experience in reaching an individual judgment on rates will not justify agreement upon the same final rate by all companies.

He expressed the belief that a plan for permitting the fullest use of common experience while preserving competition could be worked out within the framework of the Sherman act.

The Sherman act, he pointed out, does not prohibit each company from adopting a uniform rate for all policyholders. Indeed the Clayton act as amended by the Robinson-Patman act, forbids price discrimination among customers in interstate commerce, but the elimination of discrimination does not require agreement between insurers upon final rates. A variance in rates as

between companies does not constitute discrimination. It is competition.

The body of existing state regulation designed to guard against insolvency is the answer to the argument that rate competition would injure financial stability. Also underwriting judgment and executive management are more important to the preservation of financial stability than any agreement on rates. Fixed rates can never be a substitute for poor underwriting or incompetent management.

An inflexible rate structure is clearly contrary to the intent of Congress, Mr. Berge argued.

He characterized price fixing among competitors as "a potent and dangerous economic drug. It should never be freely dispensed by private groups without public responsibility. Even where it is administered by the government, it needs the utmost scrutiny and safeguards. Otherwise, it causes the deterioration and ultimate destruction of competition." Mr. Berge said he construes the word "regulated" in public law 15 as requiring state laws designed to guard against combinations among private groups which penalize competition, promote concentration of economic power, or otherwise restrain trade and commerce in insurance. The widest possible area of competition should be preserved.

Sawyer Declares Total War

(CONTINUED FROM PAGE 4)

many insurance improvements have originated in California and that but few have had their birth in New York. New companies have been born and have flourished in California and the public is just as well protected in that state as in New York.

Judge Sawyer said there is nothing in the New York laws requiring a company to belong to a rating organization, but as a practical matter, all companies writing automobile insurance have been required to belong to or become subscribers to rating bureaus and at present there is only one company that is permitted to write at a deviation there. Neither is there anything in the New York law to give the insurance commissioner power to regulate commissions, but New York regulates them through "strong arm law" he charged.

He charged that while the model bills comply with the letter of public law 15, they do not meet the spirit of that law in preserving freedom and competition.

Cites Hostility of Buyers

Business interests outside of insurance are alert to the consequences, he said, mentioning the fact that Risk Research Institute has come out in opposition to the program. He said he has talked with no group of producers that is willing to accept the New York philosophy without a battle.

More than 100 attended the luncheon over which C. M. Cartwright of THE NATIONAL UNDERWRITER presided.

Undoubtedly advocates of the all-industry program will get to work immediately to reply to this assault. They will vehemently dispute the argument that the model bills represent simply the New York system.

A. V. GRUHN WILL SPEAK

A. V. Gruhn of Chicago, manager of American Mutual Alliance, will give a talk at the luncheon meeting of the insurance membership group of the Union League Club of that city, Nov. 18. Mr. Gruhn represents a large contingent that believes that while the report of the all-industry committee is not perfect and has its defects, it represents a compromise to which most of the interests will agree. Therefore, this contingent feels that it should be adopted and that nothing better is available now.

THE PHOENIX-CONNECTICUT GROUP of Fire Insurance Companies



The Phoenix
Insurance Company, Hartford, Conn.
1894

The Connecticut
Fire Insurance Company, Hartford, Conn.
1850

FOUTABLE
Fire & Marine Insurance Company
PROVIDENCE, R.I.
1859

ATLANTIC FIRE INSURANCE CO.
Raleigh, North Carolina

THE CENTRAL STATES FIRE INS. CO.
Wichita, Kansas

GREAT EASTERN FIRE INSURANCE CO.
White Plains, N. Y.

MINNEAPOLIS F. & M. INSURANCE CO.
Minneapolis, Minn.

RELIANCE INS. CO. OF CANADA
Montreal, Canada

★
HARTFORD
30 Trinity Street

CHICAGO
Insurance Exchange

NEW YORK
110 William Street

SAN FRANCISCO
220 Montgomery Street

MONTREAL
485 McGill Street



All Forms of Fire and
Property Insurance including
Ocean and Inland Marine
Country-wide Brokerage Service

TIME TRIED & FIRE TESTED

Conn. Agents Hold Annual Parley

(CONTINUED FROM PAGE 6)

thing similar to the New York law should be presented at the next session.

At the luncheon, Brien McMahon, senior U. S. Senator from Connecticut, was the speaker. His subject was "You and the Atom." The senator, who is chairman of the committee on atomic energy, asserted nothing will be settled in the international conclaves following World War II unless the problem of the control of atomic energy is settled.

Public Relations Panel

The panel of practical public relations started off the afternoon business session in good order.

Those taking leading roles were George B. Fisher III, Hartford local agent; Nils Sahlin, dean New Haven Junior College of Commerce; J. B. Quisenberry, New York, general adjuster Royal Liverpool group; and John H. Jackson of the New Haven "Register."

Mr. Fisher discussed agency management and how it affects public relations. He stressed the importance of having up-to-date office equipment and efficient and courteous employees. He defined advertising as a means of keeping a name before the public. An agent cannot expect to sell insurance by advertising alone. Half of a local agent's business is dependent on management and the rest on selling.

Mr. Sahlin said public relations can be divided into two parts: Competence and promotion. He told the agents to tell people what they can do and have the competence to do those things.

Dealing with the public in loss adjustments was handled very well by Mr. Quisenberry.

Mr. Jackson told the agents that if they expect their local newspapers to publish their news to be sure that the material presented really is news, and legitimate. He said the newspapers want facts and to make stories short and sweet. He urged the agents to become acquainted with the city editor of their papers and always to deal with him on news, not ever go over his head to the owner or manager.

Warfield on Public Relations

Mr. Warfield, speaking at the banquet, declared that insurance is facing trying times which will be difficult on the legislative front, and it may be that there will be definite economic tribulations to face.

Agents should do a good job and tell the world about it, he said. That may

well be the motto in a public-relations effort. Mr. Warfield emphasized that one of the most valuable things which has come out of the public relations activity is the sense of the high moral plane on which association activities must be maintained if there is to be an effective and permanent job. The one impossible task for any public relations effort is the one occasionally demanded; that is to put over something that does not exist.

Worthy of Confidence

The first task with the National association is to see that it is and always will be an organization worthy of public confidence and esteem, worthy of the trust reposed by its membership and worthy of the high ideals to which it is dedicated.

He remarked that sound public relations is more than providing a good service at a fair price. It is the way a business lives: how we do business, which is as important as the product. The goal is a body of agents which has the respect and loyalty of individuals and groups throughout the United States as it deals with them in the day to day operations which make up the routine of a successful agent's life.

Mr. Warfield quoted from the agents' public relations manual, "Serving the Public Interest." He urged that agents pay attention to the lessons given in the manual.

Public Relations Body

"Your National association is a public relations body, Mr. Warfield declared. Like many trade associations, it is in itself a public relations organization of the first order. It is designed to help organize agents for effective action on matters which concern their interest, and to provide a convenient method of contact with and among state units.

New Haven Notes

Among the visitors at the Connecticut Assn. of Insurance Agents meeting was Peter R. I. Pine, New York, special agent, Royal Exchange.

L. J. Ackerman, dean of the business school of the University of Connecticut, attended all the sessions.

Several field men who attended the meeting of the Massachusetts agents at Worcester were also present at the Connecticut agents' meeting.

Several New Haven bankers attended the afternoon session to hear the address of Kenneth C. Bell, New York, vice-president Chase National Bank.

Miss Agnes Wooding, president New Haven Assn. of Insurance Women, extended greetings from her organization.

Preston H. Hadley, Bellow Falls, Vt., president Vermont association, who attended the meeting of the Massachusetts agents, extended greetings from his group.

In the absence of Commissioner Allyn, George Goodwin, deputy commissioner, spoke for the insurance department. He said the department appreciates the co-operation it has had from the Connecticut Assn. He stated our aims are your aims.

James Lee Ellenwood, New York, executive secretary YMCA of New York, humorist and philosopher, made a big hit at the luncheon.

The officers were installed by Guy T. Warfield, president NAIA.

The attendance trophy was won by the New Haven board.

Wallingford was the winner of the trophy for the local board doing the most outstanding work during the year.

Calvert Returns to Louisville

Walter B. Calvert, Louisville, has returned to the Booker & Kinnaird agency with whom he was associated until 1941. Mr. Calvert left the 138th field artillery as a colonel. He is recovering from a broken leg and made his first appearance at the annual meeting of the Kentucky Assn. of Insurance Agents last week.

Credit Talk in Des Moines

Dan Neiman, Des Moines attorney, a member of the National Credit Assn., spoke before the Des Moines Casualty & Surety Club on "Credits."

Auto Bureau Steps Up Its Facilities

(CONTINUED FROM PAGE 8)

losses of automobiles. Because of the continued shortage of automobiles any incentives for the willful destruction of insured vehicles have been thwarted.

The bureau warns, however, that the present favorable situation could change rapidly for the worse. A drastic reduction in value of old and used automobiles and consequent renewal of arson incentive could easily come about by delivery of a substantial number of new cars to consumers. But at the present time the bureau states that the outlook appears to be favorable.

Prepare for Worst

In anticipation of possible unfavorable arson conditions in the future the bureau has intensified its contact and field work with state fire marshals, highway patrols and officers interested in the detection and suppression of incendiary automobile fires. Fire films have been shown at police schools, and at other gatherings of enforcement officials, including the annual arson school held at Purdue University. The bureau has been named on a committee to work out future programs for this arson school.

TRAFFIC SAFETY

Through traffic safety surveys in various cities the bureau has increased and expanded its accident prevention work. Upon request the bureau staff has analyzed accident statistics in several cities as to time and facilities were also analyzed along with other local conditions. Upon completion of the survey the bureau submits recommendations to municipal officials.

Bureau special agents work with local police officials to put the recommendations into effect. This often includes conducting an in-service traffic training program for individual officers, instructing them in current methods in the field of accident reporting and investigation.

Motorist "Irritability"

The traffic situation continues to be serious, the report goes on to say. Prime causes are removal of travel restrictions, overage vehicles, and what the bureau describes as "current restlessness and irritability" of the motoring

Aero Opens Detroit Office with Redhead in Charge; Radek Manager at Columbus

Aero Underwriters have this week made several appointments at Chicago, Columbus and Detroit.

Orin Redhead, who has been manager at Columbus, has been appointed manager at the Michigan service office at Detroit. This is the first Michigan office of any aviation group. It is at 726 Ford building.

Mr. Redhead has been in Ohio for two years for Aero after service in the Canadian air corps.

Frank J. Radek, who has been at Chicago, succeeds Mr. Redhead at Columbus. Mr. Radek had previously been with Maryland Casualty, Preferred Accident, and United National Casualty. He joined Aero on Aug. 1.

Underwriting in the Chicago office has been divided into two territorial units with R. C. Loar in charge of Minnesota, Wisconsin and Michigan. J. R. Gulliksen will supervise Indiana, Ohio and Kentucky.

Karl R. Palmer will assist Mr. Gulliksen and A. V. Neeley will assist Mr. Loar. Both have had previous insurance experience and both are army veterans.

Mont Goodell and James H. Dearborn, both war veterans, have joined the Chicago office and will shortly be assigned field duties.

public. In addition to this a big contributing factor is the tremendous increase in the number and speed in miles traveled per vehicle. All these have brought about an "alarming" increase in accidents, personal injuries and deaths.

McCormack Vice-Chairman

Superintendent Dineen of New York, president of the National Assn. of Insurance Commissioners, has sent out a press release correcting an error in the official lineup of the N.A.I.C. sent out several weeks ago in which Johnson of Minnesota was listed as vice-chairman of the executive committee. McCormack of Tennessee, the immediate past president, as the constitution specifies, automatically become vice-chairman of the executive committee. Through inadvertence his name was not substituted on the list in place of Mr. Johnson, who as Mr. McCormack's immediate predecessor, was vice-chairman last year.

Though the constitution provides that the immediate past president becomes vice-chairman of the executive committee, it is customary not to have any other past presidents on that committee.

The mixup on the vice-chairmanship was commented on in THE NATIONAL UNDERWRITER of Oct. 10, the week after the N.A.I.C. lineup was published.

Decide to Keep Counsel Federation in Existence

(CONTINUED FROM PAGE 12)

welcomed the 60 members that attended. The group now has 265 members and \$504 in the bank, according to the report of Mr. Millener.

A scholarly and thorough treatment of "The Enigmas of Medical Evidence" was presented by Dr. S. M. Lindenbaum of New York. He emphasized the difficulties in medical testimony, particularly with regard to the expert witness. He cited as an example those who testify that a single trauma even of comparative minor severity causes cancer. It is often hard to measure the relation of trauma to coronary disease, he said.

Ky. Rejects Renewal Certificate

LOUISVILLE—Insurance Director Wilson of Kentucky has ruled adversely on renewal certificate for five-year installment policies. The Kentucky Inspection Bureau had previously refused to O.K. this clause, although it has received numerous requests for its adoption.

The ruling was made in connection with an endorsement filed by William Penn Fire.

WANT ADS

WANTED YOUNG MAN ASSISTANT IN LOSS DEPT.

By western department of stock fire insurance company located in Chicago. Position has future possibilities. Give full particulars as to age and experience. Replies confidential. Address J-9, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED FIRE UNDERWRITER

For Cook County, Ill., by old, established fire office. State qualifications and salary desired. Excellent opportunity for experienced man. Address J-10, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED

Special Agent for Illinois and Eastern Missouri by fire company. State age, experience and qualifications. Replies confidential. Address J-11, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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Marryott Champions the Model Bills with Passion

Condemns Berge's "Pure Cost" Scheme—Says Solvency Is First Aim

ATLANTIC CITY—A hard-hitting speech for the all-industry bills, including answers to the leading arguments advanced by the foes of such legislation, was delivered by Franklin J. Marryott of Liberty Mutual at the meeting of the insurance law section of the American Bar Assn. here.

Mr. Marryott contended that the great objective of insurance regulation is the preservation of company solvency, the second most important objective is equity or fairness in the practices of companies and agents, and the third objective is "to preserve as much competitive opportunity as is consistent with the attainment of the great objectives."

Those that heard Mr. Marryott here as well as Wendell Berge, and Manuel Gorman of the Department of Justice, were struck by the fact that the federal men placed by far the greatest emphasis on competition whereas Mr. Marryott places that objective third.

Condemns "Pure Cost" Idea

Mr. Marryott, among other things, condemned the proposals of Mr. Berge and Mr. Gorman that loss statistics be collected centrally and the results be used as "pure premiums" with each company making its own individual loading. This suggestion, he declared, does not contemplate any limit as to how much might be added to the pure premiums and does not include any requirement that the final rates meet any standards fixed by law. Presumably a company could use a different loading for each state and possibly for each city.

To operate under such a scheme, all companies would have to agree upon the structure of and means of operating a statistical organization and upon territorial classifications. There would have to be uniform hazard or risk classifications and the policies would have to afford the same coverage. Some method of penalizing those who did not follow the rules would be needed.

If such an organization could be put in operation, he conceded it would be capable of enormous usefulness, but the degree of concerted action which would occur under it would probably be greater than under the model bills, he declared. But the potentials for good could not be realized because complete license as to final rates would be utterly destructive of the benefits of collaboration as to pure premiums. Unbridled rate competition would occur. The situation would become intolerable and the system would have to change either into one of complete regulation or complete non-regulation.

Self-Imposed Discipline

The fact that collapse of existing state regulatory systems did not occur following the S.E.U.A. decision, according to Mr. Marryott, is due largely to the self-imposed discipline inherent in the various systems of self-regulation that were in effect. Mr. Marryott

(CONTINUED ON PAGE 24)

Zone 3 Opposes H. & A. Conference Bill Because of "House Confinement"

NEW ORLEANS—Zone 3 of the National Assn. of Insurance Commissioners met here, with Chairman Jackson of Missouri presiding. In addition to Missouri, states represented were Louisiana, Mississippi, Tennessee, Alabama, Kentucky, Georgia and Florida.

The regulatory bill proposed by the Health & Accident Underwriters Conference was opposed by the group. The principal objection to the legislation was that it permits inclusion of the "house confinement" clause in health policies. Miss Addie Lee Farish of Alabama was appointed chairman of a committee to record the group's objection with the national executive committee.

Chairman Jackson appointed a committee to study whether insurance companies should be permitted to hold securities which they own in the names of trustees and nominees, or whether they should be required to hold them in the names of the companies. It was felt

that there is some danger in permitting companies to hold securities in the names of trustees and nominees, because it facilitates stock manipulations, Mr. Jackson explained. "When the companies hold the securities themselves," he said, "the danger is minimized." The committee named to study the question is composed of Martin, Louisiana, chairman; Mitchell, Georgia, and Wilson, Kentucky.

A committee composed of Martin, McCormack, Tennessee, and A. C. Good, Missouri, was appointed to study changing war clause in life policies.

Mr. Martin announced that a new insurance code which will regulate insurance of all types in Louisiana will be presented at the next session of the legislature.

Pan-American Life entertained the group with President Crawford H. Ellis leading in doing the honors. The hospitality was much appreciated.

N.A.I.C. Committees Ponder FTC and A. & H. Questions

NEW YORK — The federal trade commission act and the question of a rating basis for personal accident and health policies took up most of the time of N.A.I.C. committee on federal regulation and on rates and rating organizations—membership in which is identical—at their meeting here. Harrington of Massachusetts, chairman of both groups, presided.

The amount of time spent on the FTC angle reflects the growing realization that this may be considerably more of a problem than the rating question. It is understood that the committee feels it is possible to devise legislation by which the states can preclude the FTC's injecting itself into the insurance picture. However, it is realized that the over-all investigatory power of Congress cannot be lessened by any law that may be enacted in the states.

The rates and rating organizations committee heard the proposals of the Bureau of Personal Accident & Health Underwriters and the Health & Accident Underwriters Conference but took no action on the question. The bureau favors rate regulation for individual accident and health contracts while the conference holds that "statutory rate regulation is neither feasible nor advisable."

The federal regulation committee accepted the Robinson-Patman act proposal advanced by the all-industry committee last month at Syracuse. This was to the effect that the insurance industry cannot afford to proceed on the assumption that the act is inapplicable and run the risk of federal penalties, including action by the FTC, suits for treble damages, and in some cases criminal prosecution. The main problem appears to be payment of commissions to brokers in those states which do not specifically authorize them, since the Robinson-Patman act prohibits payment of commissions to an agent of the buyer. However, the all-industry committee's Robinson-Patman subcommittee felt it would be a simple matter to devise the necessary wording

Richardson, Wilcox in Ill. Farm Bureau Companies' Changes

A. E. Richardson, who has been manager of Country Mutual Casualty since 1928, has been appointed manager of Country Life, succeeding Dave C. Miehler. Mr. Miehler has resigned to become manager of Southern Farm Bureau Life at Jackson, Miss.



F. V. Wilcox

Frank V. Wilcox of Galesburg, Ill., succeeds Mr. Richardson as manager of Country Mutual Casualty.

Mr. Richardson attended the University of Illinois and joined the Bureau of Internal Revenue in 1920. He has done farm bureau work, joining Country Mutual Casualty in 1927 and becoming manager the following year.

Mr. Wilcox is a graduate of Monmouth College. He was a high school teacher until 1942, when he joined Country Mutual Casualty as a claims examiner. He became assistant superintendent of the claims department last March.

24 Million in Blue Cross

The 87 Blue Cross plans of the U. S. and Canada added 1,258,225 members in July, August and September to bring total enrollment on Oct. 1 to 24,390,763, according to the Blue Cross commission American Hospital Assn.

Every sixth person in the U. S. and every eighth person in Canada is a member.

to change the law in those states where it needs changing.

Representatives of title insurance companies, a class of insurers not generally considered to be in the insurance business in the usual sense, raised the question as to whether there might be any angles in the S.E.U.A. decision or public law 15 that might affect their operations. The committee considered a letter from former Insurance Commissioner Scheufler of Missouri on behalf of a group of Missouri title insurance companies. The committee took no action on the title insurance matter.

Casualty Agents Group Holds Annual Gathering

Chicago Sessions Are Skeletonized But Purpose- ful—Daniel Reelected

A skeletonized but purposeful annual meeting was held at Chicago Monday by the National Assn. of Casualty & Surety Agents. Carl P. Daniel, St. Louis, the president, and the other officers were reelected.

The group is engaged in what is known as a reorganization program which embraces substantial increase in dues and increased membership. Already 50 new members have been added in the campaign.

The association is taking an aggressive part in the rate legislation arena, being firmly committed to a program of legislation less restrictive than that represented by the model bills. President Daniel remarked that the association is one that was founded in an emergency and that over the years has gone into action in a positive way when important issues affecting its members and the public have arisen. It has not dealt with day-to-day problems of a secondary nature. The emergency that gave birth to the association, he said, was the pronouncement of the then insurance superintendent of New York, when workmen's compensation laws were first being enacted, that the commission on such business should not exceed 10%. Influential casualty agents organized and were successful in preventing such a small acquisition cost allowance from being established.

Williams Is Vice-president

Wheaton A. Williams of Minneapolis is vice-president, John E. O'Neil of Boston, chairman of the executive committee; Charles H. Burras, Chicago, secretary, and Alice M. Foy, Chicago, assistant secretary. Holton R. Price, Jr., of W. H. Markham & Co., St. Louis, was added to the executive committee and a place on that committee was left open for a Pacific Coast representative, to be designated by the members in that region.

The group is definitely planning to resume its joint fall convention with the International Assn. of Casualty & Surety Underwriters next year. It is doubtful whether White Sulphur Springs hotel, which has been reacquired by the Chesapeake & Ohio Railroad from the government, can be put back in condition by that time and there is a strong possibility that the meeting may go to the New Ocean House at Swampscott, Mass. W. D. O'Gorman of Newark is handling the arrangements for the agents' group and a letter was received from him reporting on the negotiations up to date.

Endorse Sawyer's Activities

Resolutions were adopted endorsing the work that has been done by the reorganization committee which is headed by Mr. Daniel and the work of E. W. Sawyer, who is administrative director and general counsel.

The association has definitely withdrawn from the lobbying activities of the all-industry committee on the theory that the all-industry group should act in an advisory capacity and leave the decision up to the individual states to

(CONTINUED ON PAGE 25)

Liability to Rescuer Is Reviewed

The right to recover damages for injuries as a consequence of voluntarily doing an obviously dangerous act in an attempt to rescue a person in peril is not readily appreciated as an exception to the general rules of law, it was explained by George J. Cooper, Detroit attorney, at the annual meeting of the American Bar Assn. at Atlantic City this week.

Mr. Cooper spoke on "The Liability to Rescuer Volunteers." He explained that such liability invokes the principle that it is a commendable act to save a life, and although a person attempting it voluntarily exposes himself to danger, the law is hesitant to impute to him responsibility for injury received.

Thus in such circumstances a person is justified in exposing himself to danger which ordinarily might make him guilty of contributory negligence, if the attempt is not recklessly or rashly made.

Life Values vs. Property

The risk which a person may undertake increases as the value of the advantage which can be realized increases. A man would run a greater risk to himself in an effort to save another life than he would to save property. Whether such exposure is reasonable depends upon the chances of successful rescue and the gravity of peril in which the third person is placed.

Therefore the risk to rescue may be so great, or the chance of success so slight as to make it unreasonable. Also, if the person is placed in peril partly because of the rescuer's own negligence, then any harm sustained in attempting rescue is not possible of recovery.

Mr. Cooper cited a recent Michigan case in which defendant, who was driving, failed to yield right of way at an intersection and in a resultant collision, his car tipped over and he was pinned under a wheel. His passenger was also pinned under the car. A passerby was attracted by the noise, and the defendant cried for help. She removed the passenger, and then while lifting the car to free the defendant, the car righted itself, rolled backwards, and injured her. Damages were awarded plaintiff.

Railroad Laws Well Settled

Mr. Cooper noted that likewise the law seems well settled that a railroad will be held liable for injuries sustained by a rescuer in his attempt to save one in imminent danger where the peril resulted from negligence of the railroads. This rule has also been extended to a township or municipality.

Errors of judgment enter into the question, he pointed out, and a rescuer can be deprived of recovery from the person responsible for the peril if the danger and desperate character of his act render him guilty of contributory negligence.

This is still a question for the jury, and not a matter of law, he emphasized.

The doctrine of assumption of risk is often interposed as a defense against rescuer's right of recovery, and frequently arises in cases of injury to employees.

Assumption of Risk

It also comes up in such relationships as host and guest where a person is charged with assuming risk of injury consequent upon riding with a known intoxicated driver, or in a known defective automobile.

Then there is a possibility of subsequent negligence. Mr. Cooper mentioned a case in which a girl waiting for two street cars to pass in opposite directions, observed a child start across in front of a car approaching on the farthest track. She pulled the child

Sedwick Tells of Sureties' Woes on Bond Termination

Theodore L. Sedwick, attorney and executive secretary of Standard Accident, in a paper delivered at the annual meeting of the American Bar Assn. at Atlantic City, discussed the "Termination of Liability Under Public Official Bonds," and gave an interesting review of the legal theories in the states.

Mr. Sedwick pointed out that there are two major groups in termination of a surety's liability: (A) Where the surety's and official's liability terminate coincidentally, and (B) where surety's liability terminates without regard to termination of the principal's responsibility as a public officer.

Tenure of public office may cease because of end of election term, resignation, abandonment of office, death, or disqualification or ouster, and all of these pose interesting problems for the surety.

Qualified Successor

For example, Mr. Sedwick mentioned that if an officer is not re-elected but remains waiting for his successor to qualify, the question comes up of whether the surety continues liability.

There are two classes of office under law, one of which allows no holdover possibility and the other specifically or by implication carrying responsibility to continue until a successor is duly elected or appointed and qualified. The probability in the latter case is that liability will persist until qualification.

An effective resignation, that is, one that is accepted, has been generally held to leave an office vacant and relieve sureties. However, it is sometimes required that the surety be liable until qualification of a successor.

In the last war there were several cases in which a public official went into service and still retained his office, sometimes being reelected. The question came up of whether this amounted to an abandonment or a disqualification.

Military Service Abandonment

A minority rule holds that necessity of keeping civil government in operation cannot be overlooked and departure to service amounts to abandonment. The majority thought, however, regards enlistment or induction as not being incompatible with holding of office. In fact, many states passed laws expressly permitting retention of office while in service. This would not hold in the case of a professional soldier in peace time.

Mr. Sedwick remarked that upon abandonment it has been held that liability terminates except that incurred prior to abandonment—some jurisdictions rejecting the idea of an office being without an incumbent or bond and if an official walks off the job, the surety might be faced with liability if a subordinate on the job caused a loss.

Sureties get off more easily in the event of death. They are generally held to be automatically free of liability.

Termination of liability has also been granted generally upon disqualification of an official. These cases occur usually when an officer accepts an incompatible job.

Mr. Sedwick declared that a ruling of the U. S. attorney general relieves the surety of liability in the case of ouster of public officials. However,

from the track, but in stepping back was struck and injured by the car on the nearest track, the motorman of which had a clear view of the situation, and ample time to have exercised ordinary care.

There is a general distinction between rescuing human beings and personal property. Recovery is difficult in property cases on the grounds that property can be replaced.

such ouster may be the result of surety initiating procedure to relieve it from liability and may there run into difficulty.

The right to revoke, rescind or cancel a bond is not granted a surety in the case of public official bonds. Mr. Sedwick said that sureties are sometimes misled by a board of trustees or a superior officer agreeing to cancel or change a bond when they have no legal right to do that. The authority for such acts, to be effective, must be superior to the office affected. Even though another bond is given as renewal, the first continues liable.

Then there are the problems arising where surety's liability terminates without regard to the termination of the responsibility of the public officer. In this group would come situations where in the officer is reelected, the surety is released by cancellation, special statutes, ordinance, substitution of new bonds, expiration of time fixed in the bond, end of special duties or material alteration of the bond or of the officer's duties to amount to a discharge.

Jokers in Limited Bonds

Mr. Sedwick said that there are jokers in the limited period bonds. A bond may be written for the term of the official, but there may be a phrase adding "and until his successor is duly elected, appointed and qualified." That phrase has fastened a continuance of liability on sureties in many cases far beyond the originally contemplated time. Moreover, such a phrase seems to be the rule.

The surety has three possibilities: (1) The bond may be positive or the term of office so definite that at the end of the time fixed in the election or appointment, liability terminates for future acts; (2) the surety may be in a jurisdiction which will hold him for a reasonable time after expiration of the term, placing the burden on the particular official's supervisory officer or board to oust him or to take the consequences on failure to requalify; and (3) the surety may be in a jurisdiction that regards the interest of the public paramount and, despite failure of supervisory officers or board to take proper action, liability may be extended indefinitely.

Exceptions to Rule

In the case of (1) it is generally held that liability will end, but Mr. Sedwick remarked that courts have made this sometimes an exceptional rule on the grounds that there are many circumstances to satisfy them in distinguishing the case at hand from the general doctrine.

There is an honest division of authority between the rule of holdover liability for a reasonable time as in (2) and the indefinite holdover liability theory of (3), Mr. Sedwick declared. The latter is a minority rule and is seldom applied because of the inviolate nature of a contract.

The surety is not left completely without hope of cancelling a bond while the official is in office since many states specifically provide for retirement from obligation. Each state has its own ruling here, and Mr. Sedwick remarked that strict compliance with regulations are essential.

In obtaining a release by special statute, Mr. Sedwick said that "nothing short of a legislative enactment seems to be wholly safe." The principal item in this regard would be whether the state constitution permits exoneration of an official and his sureties from some responsibility. The facility with which many states relieved officers of depository liability after the bank failures in the 1930's would indicate that restrictions are not too formidable, he asserted.

Release of surety by substitution of a

New Mich. Rules on Modifying "Apps" in Home Offices

LANSING MICH. — Commissioner Forbes is notifying all carriers writing life, accident and health, hospitalization of proposed restrictions on modification of applications in home offices. The communication states that the proposed regulations will become effective 30 days after their publication. They will provide that after Jan. 1, 1948, "no application form shall be used which contains a provision whereby the applicant authorizes the insurer to amend or alter the application so as to affect the amount of insurance, amount of premium, classification of risk, plan of insurance or benefits, or in other respects materially alter the agreement between the parties."

No new form will be approved unless it conforms with these provisions. The present stock of application forms may be used until 1948 but only if construed "as containing the limitations specified."

Construction of Rules

The new rules "shall not be construed as prohibiting a provision in the application whereby the applicant agrees that acceptance of the policy will constitute ratification of any alterations made therein by the insurer; provided that the application specifically provides that no alteration shall be made which affects the amount of insurance, amount of premium, classification of risk, plan of insurance or benefits."

The departmental regulations shall not be construed "as prohibiting the use of an amendment to the application setting forth specific alterations, provided that the applicant's signature shall be secured to such amendment and a copy thereof shall be affixed to the policy prior to or at the time of delivery."

Would Obviate Objections

Herbert B. Thompson, director of the life and fraternal division, said the last provision is intended to obviate objections of agents and companies that unnecessary sales resistance would be set up by the new regulations. It is realized by department authorities, he said, that unless a specific policy, containing modifications of an equitable character, can be delivered to an applicant in reasonable time, the prospective assured might balk at the "red tape" and cancel out the sale completely. Under the departmental program, however, it would be permissible to prepare an acceptable policy and submit it, along with a full explanation of the necessary modifications, and thus eliminate the applicant's objections in most cases.

It is stated that the department has encountered a few instances in which carriers have taken advantage of the present broad modification clause to change basic provisions of the contract without actual knowledge of the applicant, although the applicant's signature was attached. This situation arose in some cases at the outset of the war when companies wrote military service restrictions into contracts which were not discovered until the insured died as war casualties and their beneficiaries learned that they had no valid claims under their policies. Carriers doing the bulk of their business by mail also are charged with taking advantage of the modification provisions.

Department officials say the proposed limitations have been approved by the American Life Convention and leading insurers.

new bond has often been a snare and delusion to the surety. The surety is safe if it follows the statute in petitioning to relieve itself from further liability and the official takes a new bond. But in the absence of such formality, Mr. Sedwick declared that the surety cannot safely rely upon filing of a new bond amounting to its release.

Buckeye Agency

CINCINNATI — The Buckeye Agency is holding its 10th anniversary meetings for agents at Lima, Cleveland, Dayton, Col. Rapids. The opportunity is presented to first time service. Agents are approached by minimums at the million.

The Cincinnati office followed by executive vice president, to assistant secretary, S. W. Schaefer, agencies; D. J. Andrews, a secretary, and F. C. M. H.

opened the dinner. Other speakers were secretary, a company; A. B. J. Mertz, Mr. Mori.

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Buckeye Union Agency Parleys

CINCINNATI—Buckeye Union companies are holding a series of regional meetings for agents celebrating the 20th anniversary of Buckeye Union Casualty at Lima, Toledo, Mansfield, Akron, Cleveland, Indianapolis, Cincinnati, Dayton, Columbus, Canton, and Grand Rapids. The meetings are giving the opportunity for Frederick E. Jones, president, to meet many agents for the first time since his return from military service. Assets of the two companies are approaching \$10 million and premiums at the current rate exceed \$8 million.

The Cincinnati meeting was attended by 75. There was an educational session followed by a dinner and addresses by executives, with Mr. Jones presiding as toastmaster. Speaking at the educational session were J. A. Dodd, Jr., assistant secretary of the fire company; S. W. Schellenger, superintendent of agencies; D. R. Haverick, liability and indemnity special representative; H. L. Andrews, automobile assistant secretary, and F. C. Saas, claims manager.

C. M. Hebble, Cincinnati manager, opened the speaking program following the dinner and introduced Mr. Jones. Other speakers were Ira L. Morris, secretary, and manager of the casualty company; A. R. Gibson, vice-president and manager of the fire company, and B. J. Mertz, comptroller.

Mr. Morris traced the growth of Buckeye Union Casualty at Lima, from the time of its organization. In 1926, it had \$169,959 assets, \$146,058 surplus, and wrote \$29,181 premiums. As of Aug. 31, 1946, assets were \$6,764,013, surplus \$1,611,479, and premiums for eight months \$3,827,476.

The fire company was started in 1938 and in that year wrote \$109,682 premiums. Mr. Jones predicted its premiums this year would reach \$1,850,000.

AUTO VERDICTS ECHO INFLATION

ATLANTIC CITY—Allen Whitfield of the Des Moines law firm of Whitfield, Musgrave & Selvy, in giving a report on recent automobile decisions at the meeting of the insurance section of the American Bar Assn. here, said that the most conspicuous change that he has observed since returning from military service, "is the extent to which old land marks and old standards with respect to measure of damages are being challenged as a result of the changing times. Inflation is being reflected in the increased verdicts and damages which are being approved by the courts."

The supreme court of appeals of Virginia said recently, in dealing with a request for reduction of a \$15,000 verdict rendered as result of injuries to a four year old infant, that the value of the dollar has been reduced. Its purchasing power is less than half what it was. "Regardless of its exchange value, money is a poor recompense for pain, suffering and disfigurement. While the verdict is large, it is not so large as to shock the conscience of the court or to lead to the belief that the jury were in any way misled."

In Missouri, legislative action has been taken this year to increase the limit of recovery for damages due to accidental death from \$10,000 to \$20,000.

Property Items More Costly

Lawyers during the past four years have noted increased damages in reference to property items as result of rising costs of replacement and repair.

Assets were \$2,075,537 and surplus \$930,977.

The company provides a comprehensive group life and hospitalization coverage for agents and Mr. Mertz traced the development of this program, initiated in 1940. There is \$1,155,500 life insurance in force on 696 agents.

It is now apparent that juries may be permitted greater leeway in valuing the intangible elements properly a part of the measure of damages such as pain and suffering, disfigurement, scars, etc.

The precedents in the decided cases of the 20 years preceding 1941 will operate to slow down the trend toward increased verdicts, he predicted. It is possible that a deflationary condition will occur before many of the present jury verdicts become matters of issue in courts of appeal. If a deflation should occur, the standards for excessive verdicts which have been established through the years will probably not be departed from too greatly in the final decisions of the appellate courts.

Mr. Whitfield remarked on the continued trend on the part of courts of last resort to approve trial court action resulting in an increasingly large percentage of cases going to the jury. The functions of the jury have been enlarged continuously. The trend in most jurisdictions is to send almost all trial cases to the jury instead of directing a verdict for the defendant or plaintiff as the case might justify.

Sees Pandora's Box

"The decision of the 8th circuit court of appeals in U. S. vs. Klein, 24 C.C.H. Automobile Cases 335, 153 Fed. Rep. (2d) 55 (1946) opens a Pandora's box for additional litigation," he said. "In this case the U. S. attempted to recover, under its common law right of reimbursement, for medical expenses and compensation paid by the U. S. to an injured civilian conservation corp enrollee. The circuit court of appeals denied recovery to the U. S. stating that payments made to CCC enrollees were in the nature of gratuities and the U. S. would have no common law right to reimbursement. For similar decision involving United States claim for hos-

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Hike New York, N. J. Glass Rates

Glass insurance rates have been increased on the average of 21.2% for New York state by the National Bureau of Casualty & Surety Underwriters and the Mutual Casualty Insurance Rating Bureau. The bureau has announced a rate increase averaging 25.7% for New Jersey. These increases are in line with increased rates effective in most states on August 5.

There has been an underwriting loss on this line for some years. 1945 loss ratios are sharply higher than previous years and show that the present rate level is inadequate. The bureau explains that the replacement cost of glass has increased 12.6% in the metropolitan New York area as a result of two price adjustments since Jan. 1, 1945, and an increase of 7% has been made effective in northern New Jersey. Coupled with these factors is the present shortage of glass countrywide which has resulted in higher replacement costs to the insurance companies because in many cases the desired plate size must be cut from a much larger size with considerable wastage, while in others the openings must be boarded up because no glass is available. Inflationary conditions are having a definite effect on the cost of glass insurance, and thus far there is no sign of any improvement.

Life, Casualty Firms Team Up to Issue Cal. Policy

LOS ANGELES—California-Western States Life and Industrial Indemnity are teaming up to issue a plan of unemployed disability cover Dec. 1, when the unemployment compensation disability benefit act goes into force. The benefits will be more liberal than those of the state fund.

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Agents are invited to write for samples of the order blanks developed as part of our program of success through helping agents to succeed.



JUSTICE MEN ANSWER CATEGORICALLY

Berge and Gorman Clear Up Many Points In 3 Hour Atlantic City Q & A Session

ATLANTIC CITY—What constitutes affirmative insurance regulation in the opinion of the Department of Justice, of the sort that when exercised by the states will exempt insurance companies from the federal anti-trust laws, was explained in considerable detail by Manuel Gorman, special assistant to the U. S. Attorney General when he spoke at the round table on regulation of insurance companies here, as a part of the program of the insurance section of the American Bar Assn.

Mr. Gorman and Wendell Berge, assistant Attorney General, after Mr. Gorman's talk, spent almost three hours answering questions of insurance attorneys. The session was the outstanding one of the convention and drew the largest round table crowds and the closest attention. Gorman and Berge were explicit and cooperative in explaining their position and ideas, and declined to answer only two or three questions from the floor. Cecil C. Fraizer, president. E. W. Sawyer, New York attorney, was unable to attend and appear on the program as scheduled.

Collaboration on Contracts

How does the Department of Justice feel regarding cooperative effort in developing insurance contracts, asked Vernon Roth of Surety Assn. of America.

"Do you mean the drafting of provisions that should or should not be in the contract," Mr. Gorman asked?

Uniform contracts, Mr. Roth replied.

In general, Mr. Gorman said, standardization programs are not in violation if they are not attempts to channelize. If it is an effort of the best minds in the business to get what is best for the public, then it is quite satisfactory. If the industry decides that the mysterious disappearance provision of the residence theft policy is being abused, or if a provision is decided on that benefits insured, then the agreements stop short of withholding something from the public.

If, however, a clause is approved by some companies and disapproved by others and it is decided that no one should offer it, that would be dangerous.

Mr. Berge agreed with the statement. He added, "up to the point of interfering with the action of an individual, non-conforming company, such programs are okay."

George Meredith of Trenton asked about workmen's compensation rating bureaus fixing rates. This is not violating the anti-trust laws, Mr. Gorman said. On the basis of Parker vs. Brown if it is a state activity then the Sherman act doesn't contemplate interference.

If the state has a law that affirmatively regulates, public interest is considered protected, Mr. Berge said. This is true of any industry, not only insurance.

Mr. Gorman said that independent companies are not subject to the anti-trust acts since they do not act in concert. There could be a double standard that would leave the way open to competition. There must be a wide area in which a rate can be reasonable.

Question by E. M. Biddle

We hope the states will preserve competition, he continued. The all-industry bills were drafted by a lot of good minds, but there is dispute now on whether they leave room for competition. The Justice Department does not, he said, take a stand for or against the all-industry measures.

E. M. Biddle of Philadelphia wondered if the Justice Department were recommending control over the whole premium dollar and how the department reconciles the filling of all the legal requirements of public law 15 with the preservation of competition.

Mr. Gorman said there is a long history behind state regulation of insurance. It contains two ideas, competition and government controls. Complete freedom is not considered wise. The public interest seems to require checks.

No one has said to the states that they must regulate rates, Mr. Gorman pointed out. Public Law 15 is a grant of authority, not a requirement. If the state doesn't want to regulate rates, the insurance business in that state will not be in violation of Public Law 15. However, if the insurers combine to fix rates, then the anti-trust laws apply.

The Department of Justice is not an advocate of rate regulation, he said. "We can give you arguments against it."

Mr. Berge added that the department is not qualified to take a position on a matter of policy; that is up to the states, legislators, and the industry.

The absence of rate regulation does not shock or bother the department. It just means that the companies operating in that free atmosphere are subject to the anti-trust laws.

Competition in Services

However, he went on, if rates are strictly regulated, undoubtedly there could still be competition in the field of services. It is within the province of the states to remove insurance from the free competitive field and place it under regulation, thereby insurance loses the advantages of free competition, and gains immunity from the anti-trust laws.

The states can't use regulation simply as a cloak to permit immunity from the anti-trust acts, he declared.

Mr. Gorman said there has been much discussion of what constitutes regulation. If companies must file rates subject to prior approval, then there is regulation. If rates are filed subject to subsequent disapproval, there may or may not be regulation. If the commissioner has the right to examine rates with supporting data, there is regulation. At what point rate control becomes regulation is the big question.

Is it regulation to set up the standards of adequacy, reasonableness and nondiscrimination for rates, John A. Henry of Continental Casualty asked.

Mr. Gorman said in his judgment this would not be regulation. Even though the tests are fair and a state permitted or required the commissioner to investigate every so often, it still has private rate making without controls. The Department of Justice would be inclined to prosecute. There is too much time in which there are no positive controls.

BBB Standardization OK

Bankers like the standardized language of the bankers blanket bond, they have helped create it, and would dislike any variation, Mr. Roth pointed out. Mr. Gorman said that the usual program of standardization if it does not restrict is okay.

If the buyer wants a form, companies are not violating the anti-trust acts when they give it to him unless they also say that other companies shan't offer the form.

What if no one else offers a different form, asked Franklin Marryott of Liberty Mutual. If they agree on that they are in violation, was the reply.

It is a question of whether the free-

dom of individual action is curtailed. Mr. Berge commented.

The plumber or lumber dealer has the right to sell in such a way as to not broke and break others, but the insurance company doesn't have that right, Mr. Hudson asked.

That is a matter of public interest, Mr. Gorman said, "but I agree with you."

Easy Test Provided

Then shouldn't there be some floor below which companies cannot go in rates, Mr. Hudson wondered. In life insurance, Mr. Gorman said, there is the mortality table. The combined experience of fire and casualty companies affords a similar standard in those fields and provides an easy test of whether rates are adequate.

Wallis Downing of Louisville asked Mr. Gorman to comment on local board rules. Mr. Gorman said he could give an opinion that a specific set of rules is good, but the department prohibits such opinion, or he could opine they are bad, in which case the department would have to file suit. Mr. Downing did not pursue the subject.

Mr. Gorman admitted there is considerable doubt as to whether the Robinson-Patman act applies to insurance. The department is in the dark on that point.

Is the Justice Department interested in the amount of information given a commissioner, Wilson Jansen of Hartford Accident asked. Gorman said generally no unless the state doesn't give the commissioner enough to make a real determination. Mr. Berge added that his department would have some interest in the substance so that a commissioner hasn't merely rubber stamp control. If the commissioner has the power to get information and the responsibility to call for it, okay.

Harry Colmery's Question

Harry Colmery of Pioneer National Life, Topeka, said it will take time to determine whether states have passed laws producing affirmative regulation. What will the Justice Department do in the meantime?

The department believes Congress is giving the industry and states a reasonable time. If by 1948 the states have laid down a pattern, the department will watch to see how it works. If it doesn't produce such a pattern and

(CONTINUED ON PAGE 31)

THE CASE OF THE MAN WHO HAD ENOUGH by GUARDIAN

THE ADVENTURES OF JOHNNY GRAPH-ESTATE

LOOK AT THIS STACK OF POLICIES I'VE GOT. YOU STILL THINK I'M A PROSPECT?

This looks like a tough one. But tough jobs are the kind that makes Johnny Graph-Estate rub his hands with glee.

YOU'VE GOT 3½ POUNDS OF PAPER THERE—BUT I'LL BET YOU DON'T KNOW WHAT IT'S WORTH.

RIDICULOUS!

Johnny Graph-Estate is a master of surprise. Prospects never know what he'll spring on them next—or how he'll spring it.

JUST MOVE THAT RULE ALONG AND WE'LL X-RAY YOUR FUTURE. THEN WE'LL KNOW WHAT YOU'VE GOT.

When Johnny turns on his winning technique, it's the prospect who really does the whole job—from that point on.

CHANGES IN CASUALTY FIELD

Pieringer, Wilson Are Advanced by Comm'l Standard

J. S. Pieringer, Jr., has been elected secretary and J. K. Wilson treasurer of the Commercial Standard. These offices were made vacant by the resignation of R. E. Burson to enter the local agency business in Fort Worth.

Mr. Pieringer has been with Commercial Standard for 11 years and has been assistant secretary. He is president of the National Office Management Assn., casualty director of the Insurance Accounting & Statistical Assn., Commodore of the Lake Worth Sailing Club and was president of the Fort Worth Junior Chamber of Commerce in 1945. Mr. Wilson has been with Commercial Standard since 1930, more recently as assistant treasurer.

Nine Field Changes Are Made by Travelers

Travelers companies have made several appointments in casualty, fidelity and surety lines.

Arthur G. Fox has returned from service and has been appointed assistant manager at Indianapolis.

Robert G. Eggleston, field assistant, has been transferred from New Haven to Hartford.

The following have been appointed field assistants and will be given definite assignments upon completion of training: Graham L. Rogers, Dayton, O.; Donald L. Westfall, James G. Boyle, Punxsutawney, Pa.; John E. Cadwallader, South Euclid, O.; John L. Swanson, St. Paul; Robert P. Burns, Worcester, Mass.

J. Frank Pugh, Jr., returning from service has been reappointed field assistant at Atlanta.

Standard Accident Names Erwin N. J. Manager

Standard Accident appointed Donald C. Erwin manager of the New Jersey office, to assist J. M. Durling, resident vice-president.

Mr. Erwin entered the insurance business in 1927 at New York with U. S. F. & G. Later he joined Stewart, Hencken & Will, New York brokers, and subsequently with Southern Surety. He joined Standard in 1938 as field representative in New Jersey. In 1945 he became assistant manager.

He will continue as assistant manager of the New Jersey office.

Allstate Forms Chicago Unit with Ellis as Manager

Allstate, in line with its policy of establishing resident managers for all branches, has appointed Davis W. Ellis as resident manager of the metropolitan Chicago branch.



Davis W. Ellis

Mr. Ellis is a native of Grafton, W. Va. After graduating from Indiana University, he entered the insurance business at Huntington, W. Va., later establishing his own agency at Marion, Ind. He was at one time Chicago manager of Monarch Life.

From 1928 to 1942, Mr. Ellis was western sales manager for Fidelity Investment Assn.

Mr. Ellis joined Allstate in 1942 and has been with the organization since that time in various sales executive positions.

The resident manager has control of all departments, including sales.

Name Fornoff, Hall at N. Y.

Employers Liability has appointed Howell Fornoff as superintendent of the New York surety department, succeeding Joseph R. Wells, who is now at the home office.

Thomas I. Hall becomes superintendent of the New York fidelity department. He has been with Employers as fidelity underwriter and producer for almost 20 years. Last year he was secretary of the Surety Assn. of New York.

Lee Bird to Pacific Indemnity

LOS ANGELES—Lee Bird has resigned his position with Eagle-Globe-Royal Indemnity group, and has joined Pacific Indemnity as special agent.

Boden Resumes Old Post

Ralph O. Boden has resigned as supervisor of underwriting for the American-Associated companies at Seattle, to rejoin Hansen & Rowland as manager of the casualty and liability departments at Tacoma. Mr. Boden entered insurance in 1934 with Hansen & Rowland and worked up to manager

of the casualty department. He joined American-Associated in 1942.

He is succeeded by Carol P. Mass, formerly special agent of General of Seattle at San Francisco.

Holmes, Mooney, to Glens Falls

Glens Falls Indemnity added C. John Holmes and William S. Mooney to its department servicing agents of north-eastern New York.

Mr. Holmes, a native of Vermont and graduate of Middlebury College, has had six years' experience as a claim man. He has been for four years with the FBI.

Mr. Mooney, who was educated at Carnegie Institute, spent several years as claims adjuster at Syracuse and claims manager at Poughkeepsie before entering service.

COMPANIES

Allied Compensation Now Offers Non-Par Line

LOS ANGELES—Allied Compensation is now offering non-participating compensation policies as well as participating. The contract includes defense for serious and wilful misconduct and automatic extension of insurance to cover exposures not known when the contract was written. The text has been reduced to 50%.

Wind Up Union A. & C.

LOS ANGELES — Commissioner Garrison, as liquidator of Union Automobile & Casualty, which was taken over by the department in 1932, has asked the superior court for his discharge as liquidator. His final statement of the liquidation proceedings shows that creditors, when the final dividend of a little more than 3% is paid, will have received about 12% of their claims.

Continental's Big Volume

Continental Casualty will write in premiums this year at least \$52 million.

Manufacturers & Merchants Indemnity of Cincinnati has been licensed in Iowa.

SURETY

Chicago Surety Assn to Hold Annual Meet Nov. 26

The Chicago Surety Assn. will hold its annual dinner and election Nov. 25 at the Morrison Hotel.

The report of the nominating committee has been completed, and Ellis Schmidt, Fidelity & Deposit, is slated to take over again as president. He succeeded H. J. Jeffery of Commercial Casualty in mid-term when the latter took over the business of the late Arthur Lake.

List Nominations

Other nominations are: For vice-president, M. J. Schemecker, Standard Accident; secretary, Luman Williams, Hartford Accident; treasurer, Robert S. Goldkamp, Massachusetts Bonding. For the executive committee: Joseph I. Johnson, Aetna Casualty; Edmund Madden, Maryland Casualty; K. O. Saunders, Royal Indemnity; Edward Moroney, U. S. F. & G.; Louis Knapp, Great American Indemnity; Robert Munsell, Ocean Accident; A. L. Valentine, Baur, Christensen & Valentine.

Downs Discusses Claims Under New Contract Bond

NEW YORK—Walter W. Downs, attorney at the home office of Hartford Accident, discussed "Claims Under the New Contract Bond for Private Construction" before the Surety Company

Claim Men's Forum, New York City, Wednesday afternoon.

Rules Against Nat'l Surety

MILWAUKEE—The U. S. circuit court of appeals has affirmed the lower court in a suit brought by Commissioner Duell of Wisconsin against National Surety. The commissioner, as liquidator of Mid-Continent Mutual of Milwaukee, sought to collect a \$10,000 fidelity bond which National Surety had issued to the mutual to cover losses from theft and similar reasons. The mutual claimed to have lost \$20,000 through acts of three of its employees, who allegedly converted the money to their own use. The trial court ruled that the bonding company was liable for the entire amount of the bond. The appellate court, on appeal, stated that it "adopted the decision of the district court."

O.K. \$100,000 Fidelity Bond

SAGINAW, MICH.—The Saginaw-Midland board of water commissioners has authorized its secretary-treasurer, Alfred Eckert, Saginaw public works department superintendent, to procure a \$100,000 blanket fidelity bond covering operations of the joint water supply facility to be constructed through floating \$4,800,000 in revenue bonds. The supply is to be obtained from Saginaw Bay, an arm of Lake Huron, and final approval of the project is expected soon from the War department. The bond will be purchased alternately through Saginaw and Midland agencies.

ACCIDENT

Detroit A. & H. Group Takes Fight on Blue Cross Issues to Participating Hospitals

The hospital insurance committee of the Detroit Accident & Health Assn. in carrying forward its battle with Michigan Hospital Service (the Blue Cross plan), has addressed an interrogatory to hospitals that are participating in the Blue Cross arrangement. This is in the nature of a criticism of the new proposal for payment by the Blue Cross to participating hospitals that was outlined by M.H.S. in a letter dated Sept. 24.

The M.H.S. proposal is that for admission of Blue Cross subscribers occurring during the period Aug. 1, 1946 to Jan. 31, 1947, the Blue Cross will make final settlement to hospitals on the basis of their regular charges with a ceiling on the average per diem payment to per diem charge for contract services during the period Jan. 1-June 30, 1946. That means that the hospital would be paid its regular charges provided the average per diem charge is not in excess of the average per diem charge for the first half of this year. This is equivalent to having hospitals give the Blue Cross six months notice of intention to increase their charges.

Approved by Commissioner

The proposal has been approved by the Michigan insurance commissioner and the trustees of M.H.S. subject to the maintenance of proper reserves and the approval of participating hospitals.

In its interrogatory, the Detroit A. & H. group asks, presuming that a contract is necessary, why should hospitals be required to give six months notice of intention to withdraw from the Blue Cross when the latter is required to give only 30 days notice to a hospital of intention to cancel. It asks why the Blue Cross has a gentleman's agreement with osteopathic hospitals to pay them on the same basis as provided in the contract with so-called participating hospitals. The osteopathic hospitals, through a gentleman's agreement, and municipal hospitals, through specific exemption, are

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exempt from contingent liability expressed in the contract, and the Detroit A. & H. group asks why participating hospitals should be liable "for all loss occasioned by M.S.H. mismanagement or bungling?"

"Why should the hospital be expected to accept rates of payment from the Blue Cross on a basis different, or in an amount less than its current and regular established rates?" If the amount collected from the Blue Cross is less than the regular charges, why should not the hospital collect the difference from the patient, the Detroit group asks? Again, why should hospitals be controlled by the Blue Cross or the insurance department in the matter of their charges when this is the sole responsibility of the hospital trustees?

Can't Ignore Pressure from Lowly for A. & H. Cover

LOS ANGELES—E. R. Geddes, California assemblyman, in addressing the A. & H. Managers Club here, said the poor people are not getting disability protection but are demanding it. He voiced the belief that the unemployment disability benefit plan in California is advantageous to the insurance companies.

He predicted that compulsory health care will come under pressure from the lower wage group. He contended A. & H. insurance should not be confused with medical service.

Survey of Experience

To get the price down he advocated a survey of experience and lopping off the highest cost. Insurers, he held, by mutual agreement should get figures for analysis. From this a plan could be made to fit every part of California. He

said he would support a bill to get statistics from claims so that facts can be made public.

President Kenneth Smith named a committee to meet with a similar committee of the A. & H. Producers Assn. to nominate officers for the proposed new Los Angeles A. & H. Underwriters Assn., consisting of Arthur W. Leonard, Hartford Accident, chairman; C. H. Thrift, Behrendt-Levy Co., and D. C. MacEwen, Occidental Life.

Guests included Assistant Insurance Commissioner H. A. Benjamin; Donald R. Luckham, assistant to the chief of the legal and compliance division, and Joseph D. Thomas, attorney in the department.

Staton Columbus President

E. J. Staton, general agent of Monarch Life, has been elected president of the Columbus Assn. of Accident & Health Underwriters. J. H. Garrett, Business Men's Assurance, is vice-president; Warren L. Schowchow, Beacon Mutual Indemnity, secretary. H. F. Swisher, Mutual Benefit H. & A., is chairman of the board.

Ill. Mutual New Building

Illinois Mutual Casualty is remodeling a downtown Peoria building, originally housing the Peoria Y.W.C.A., which is purchased last year, for home office use. The entrance and other exterior features are being changed to carry out a colonial design and the interior has been so designed that a "home" atmosphere will prevail. The building is expected to be ready for occupancy by spring.

The company was organized in 1910 at Danville, Ill., by O. L. McCord and was moved to Peoria in 1913. It has been located ever since in the Jefferson

building. E. A. McCord has headed the company since his father's death in 1935.

Dr. Judd Twin City Speaker

Dr. Walter H. Judd, who represents the Minneapolis district in Congress, gave his views on "Socialized Medicine" at a luncheon meeting of the Twin City Accident & Health Club in Minneapolis.

Hear Highway Safety Talk

Richard L. Paddock, president of Time, with Arthur J. Laun as program chairman, is sponsoring the luncheon meeting program of the Accident & Health Underwriters of Milwaukee Nov. 7. R. C. Salisbury, director of safety, Wisconsin state motor vehicle department, Madison, will speak on "Safety on the Highways."

DEATHS

M. L. Monahan, 42, San Antonio general agent of Illinois Bankers Life, died from a heart attack at Kerrville, Tex., Oct. 20. He had served as vice president of the San Antonio Assn. of Accident & Health Underwriters and had been active in the insurance business in San Antonio for a number of years.

John J. Kennedy, 71, with Provident Life & Accident for 28 years, died at Chattanooga after an illness of several months. He was born in Manchester, Eng., coming to America in 1875. R. J. Maclellan, Sr., president, and other company officials served as pallbearers.

Oliver J. Laurent, New Orleans general agent of Central Surety and head of the W. V. Howland & Co. agency, which he purchased in August, died there.

Harry L. Sain, 58, superintendent of the division of safety and hygiene of the Ohio industrial commission, died in Columbus after a three-month illness. He had been associated with the division since 1931.

William O. Gamble, 48, manager at Detroit for Zurich, died of a heart attack last week while buying a book for his son at a bookstore in the Buhl building.

Mr. Gamble had been manager for a number of years for Zurich and before that was assistant manager. He joined the company in 1937. He started his insurance career in 1929 as special agent at Detroit for Travelers, later becoming assistant manager.

Iowa Hardware Mutuals Open New Building Nov. 4

The old library building in Mason City, Ia., has been completely remodeled, given the new name of Mutual Insurance building, and at a grand opening Nov. 4 officially will become the new headquarters of Iowa Hardware Mutual, Iowa Hardware Mutual Casualty, Iowa Hardware Mutual agency, and Iowa Retail Hardware Assn.

A number of insurance friends and adjusters will gather in Mason City Nov. 3 and will visit the new Iowa Hardware Mutual establishment the following day. At that time the insurance men and the general public will have their first opportunity to view the remodeled interior. The group has had its headquarters in Mason City for many years, and recently outgrew the former building, which was the reason for the change.

After a brief tour of duty with the army, Ralph C. Lewis, superintendent of underwriting at the home office of Northwestern of Seattle, is back at his desk. He reported for induction Oct. 8 but a few days later was returned from Fort Lewis to civilian life.

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Marryott Champions the Model Bills

(CONTINUED FROM PAGE 19)

contended that the casualty business could not function without a substantial core of rate regulation, self-imposed or state-imposed. A rate war is equally vicious whether fought with cuts on the loss side or the expense side. If companies, as a result, were forced to the wall and the survivors were to become insecure, the business would probably be required to accept a very rigid type of rate regulation.

It is in the public interest, he said, that the price paid for insurance be fair, reasonable and not excessive, that buyers be treated without unfair discrimination, that the public be enabled to buy insurance with confidence, that the policy means what it appears to mean and that protection is given when needed. These objectives cannot be attained in full measure without sound and effective rate regulation. This can be achieved without destruction of competition and the model bills, he claimed, are a reasonably satisfactory vehicle under which these ends may be attained.

How Insurance Differs

In developing his theory that insurance should not be thrown open to untrammelled competition, Mr. Marryott specified several ways in which insurance differs from any other business. These differences are: The price cannot be determined by costs which have been incurred. Insurance cost depends upon future events which, in casualty insurance at least, may or may not occur.

Insurance is a promise to meet obligations not incurred when the promise is made.

Money collected from policyholders may be claimed by persons not parties to the contract. The insurance product is extraordinarily difficult to judge.

The law of supply and demand is not applicable to insurance. The cost of the service promised is greatly disproportionate to the price paid.

The consequences of failure of an insurance company are more serious than in the case of other businesses.

Competition does not serve as a satisfactory regulator.

Boom to Big Business

Unrestricted open competition, according to Mr. Marryott results in big business bargaining for favorable and individual rate treatment, in big and powerful companies underbidding the small and the weak, in bidding for the services of agents to the point that the cost of doing all business is increased, in trick clauses, in claims handling on a basis to compensate for the cut rates and finally in insolvency of the weak, and in weakening the strong, in the disappearance of the small company, and the abnormal growth of the large, in the disappearance of all but the lowest cost producers and in too great power in those that remain.

In rate making and administration there must be a balance between elasticity, and uniformity, between the greater equity which comes from refinement and the efficiency of administration which comes from lack of such refinement, between freedom of competition and safety from combination.

"This," he said, "is not to substitute regimentation for enterprise, not to despair of the private enterprise system, much less to start upon the road to fascism. The wise balancing of regulation and freedom, equity and efficiency, safety and risk, is one way, possibly the only way to make certain that private enterprise is to continue to function in a complicated world."

Mr. Marryott dealt with the E. C. Stone proposal that any insurer should have a right to use the rate approved for any other insurer, and in the case

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of a participating company, the previous net cost of insurance in that insurer could be treated as its rate. Under such a scheme, he said, a company could obtain the right to charge rates which, as to it, are inadequate. The plan is not consistent with the objective of fair practices, or with the requirement that there be no unfair discrimination. It would enable a big company to raid the business of a little competitor, drive the latter out of business, and then put the rates back to the previous level. This is not compatible with the ideal of preserving competitive opportunity, he declared. Such a scheme would in effect legalize rate wars which a century of experience in insurance regulation condemns.

Mr. Marryott also denounced the proposal to regulate the rates only when made by cooperative action of two or more insurers. This is founded on the false premise, he said, that the purpose of rate regulation is to afford protection against Sherman act prosecutions. If the standards of the model bills which are deemed to be desirable and necessary to bring about rates that are adequate, reasonable, and not unfairly discriminatory for companies which belong to bureaus it is equally desirable and necessary that they be applied to the rates of independent companies. If rate regulation is good, it is something that should not be withheld from the company, policyholder and the community by the decision of the insurer as to whether it joins a bureau or remains an independent.

Mr. Marryott referred to the fear that has been expressed that bureau membership or subscribership, although not required, would become advisable under the bills. Even if it should turn out that bureaus do become strong, he answered, the safeguards which have been erected by the bills will be more than adequate to prevent any abuse of power. If the services of bureaus are of such value as to attract a large membership that is hardly a reason for insisting that regulation should be applicable only by election.

Any provision which placed the regulated part of the business at the mercy of the unregulated part could only result in the disappearance of bureaus. That would create such disorder as to lead to complete breakdown of regulation. This would be followed by cut-throat competition and disaster succeeded by rigid regulation with relatively little opportunity for competition.

Officers, Growth Pains for Medical Assn. Offspring

First concrete step in organizing Associated Medical Care Plans, Inc., was taken with the election of officers at Chicago. L. Howard Schriver, president of Ohio Medical Indemnity, Inc., is president. Other officers are William M. Bowman, executive director of California Physicians' Service, vice-president; Norman M. Scott, executive director of Medical-Surgical Plan, New Jersey, treasurer; Jay C. Ketchum, executive director of Michigan Medical Service, secretary.

A meeting will be held in Chicago on November 14 to name a full time secretary for the neophyte offspring of the American Medical Assn., which was created to promote voluntary health insurance program. The council on medical services of A.M.A. has up until this time been performing all the functions of the new corporation. Another move in getting A.M.C.P. underway will be a meeting of plan managers during November to discuss common technical problems. The corporation has apparently been organized more slowly than had been expected and has run into a number of barriers. A writer in the journal, "Medical Economics" has the following comments to make on its progress at growing pains:

"The medical services several months ago reported to the board of trustees

Casualty Agents Annual Gathering

(CONTINUED FROM PAGE 19)

devise the degree of legislation and the type of legislation best suited to serve the public interest in those states.

C. A. Abrahamson, Omaha, reported on developments in connection with the metropolitan agents' committee of the National Assn. of Insurance Agents.

Cliff C. Jones, Kansas City, was chairman of the nominating committee.

Mr. Burras reported that there are 407 members in good standing and that the association is operating well within its budget.

Banquet Is Held

Others taking part in the deliberations included J. Elliott Hannon, Cleveland; John Harrison, New York; E. R. Ledbetter, Oklahoma City; Lyle S. McKown, Minneapolis, who was accompanied by Mrs. McKown; H. W. Schaeffer, New York; Wade Fetzer, Chicago, and W. T. Cline, Chicago.

A convivial banquet at the Ambassador East hotel topped off the proceedings. The entertainment developed in impromptu style with each one at the table getting up to tell some amusing yarn or anecdote.

Spencer Welton, vice-president of Massachusetts Bonding, in charge of Chicago operations, who has always been very close to this group, was a guest.

that a national casualty insurance company and a holding company were needed to do the job. What the council got was the holding company... the casualty company has been the subject of much bitter behind-the-scenes argument. The proposal was set aside on the grounds that such a company would require much money and time to get in operation, and would be of limited value since it would offer nothing more than indemnification insurance. Because no section of the A.M.A. has sickness insurance to sell, the council on medical services' No. 2 objective is to persuade states now without pre-payment plans to get started.

"The council has no authority to probe states into action. Through its power of approval, it has limited control over plans which are set up, but 'the states just go their own merry way' said one official, 'and some of them are not going anywhere.'"

The article points out that only \$75,000 is now available for promotion, support of state plans, council on services or A.M.C.P. personnel.

Mystery Group on Coast

LOS ANGELES—The Independent Agents Assn. has been formed here, the incorporators, for the most part, being connected with building and loan interests. They represent, for the most part, non-board fire and non-bureau casualty companies.

The men at the head of the new organization decline to divulge their plans or objectives.

Cabe Aviation Manager

D. Frank Cabe has been appointed aviation manager of American Fire & Casualty of Orlando. He is an experienced aviation underwriter and is a pilot.

Ill. Lloyds Men Organize

An organization known as Association of Lloyd's Brokers has been formed in Illinois "to protect and further the interests of the insuring public in maintaining a free and open market for their insurance requirements and to protect and further the interests of representatives authorized to act for Underwriters at Lloyd's London."

Practically all of the Lloyd's brokers

in Illinois are members. Chairman is Roger Bronson, Bronson-Dennehy-Ulseth; vice-chairman, L. F. Hawley, All Risks, Inc.; treasurer, Henry Scarborough, Scarborough & Co., secretary A. T. Seaholm, Bowes & Co.; Directors: Leslie H. Cook, Eliel & Loeb; Mr. Hawley; R. M. Cunningham, Marsh & McLennan; Reid Cloon, R. B. Jones & Co.; A. T. Seaholm, Bowes & Co.; D. W. Eggert, R. N. Crawford & Co.; C. D. Swanson, Rollins-Burdick-Hunter, and Scarborough and Bronson.

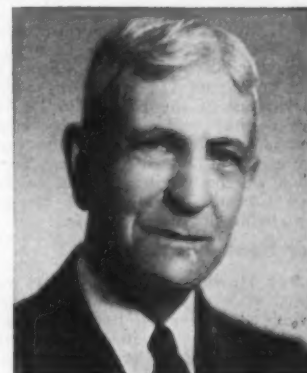
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Pitcher Joins Cryer Agency

Norman D. C. Pitcher, who recently resigned as Philadelphia resident vice-president of American Casualty, has joined the Stanley N. Cryer & Co. agency of that city.

Mr. Pitcher is a graduate of Trinity College and started in insurance with Liberty Mutual at the home office. Later he was with Hartford Accident for several years, joining American Casualty in 1938.

His secretary, Miss Helen Loane, has also resigned from American Casualty to join the Cryer agency. She is experienced in her work.



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(Signed) W. H. Shapaker, Pres.-Treas.

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INSURANCE UNIT OVERSHADOWS BAR GROUP SECTIONS

(CONTINUED FROM PAGE 4)

Mr. Colmery explained that his committee is carefully studying a program, and that his round table was principally for that purpose. Mr. Sawyer was unable to attend the opening session and John Bloys of Life Insurance Assn. of America turned in the committee report—a summary of what has happened on the subject of regulation since the S.E.U.A. case.

Grover Middlebrooks, Atlanta, reported for the membership committee. He headed the nominations group. Herbert Horn, Atlantic City attorney, outlined the entertainment.

Paul J. McGough, Minneapolis, president International Assn. of Insurance Counsel, took a bow as did Glenn R. Dougherty, general counsel of Time, new president of the Federation of Insurance counsel. He is casualty committee chairman of the insurance section. Superintendent Dineen of New York, president of the National Assn. of Insurance Commissioners, wired his regrets at being unable to appear.

Senator Hawkes Is Added

Senator Hawkes of New Jersey was an added speaker at the annual dinner, appearing with Wendell Berge, assistant Attorney General. Because of labor negotiations William A. Patterson, president of United Airlines, had to cancel his appearance Wednesday afternoon, and Franklyn J. Marryott of Liberty Mutual, speaking of "Why Regulate Insurance Rates?" was shifted from a Tuesday round table to Mr. Patterson's spot. In addition, W. Percy McDonald's report on aviation law was shifted to the Wednesday afternoon program.

The committee headed by W. E. Benoy, Columbus, O., to investigate means of establishing retirement, disability and other benefits for attorneys,

will pass its findings on to the council for action.

A lively discussion followed T. V. McDavitt's paper on voluntary prepaid medical care plans versus compulsory health insurance and federalized medicine at the health and accident round table.

The question was asked what requirement as to reserves is made of Blue Cross and medical care plans and how much supervision is exercised by insurance departments, what is to prevent such plans buying real state and what happens to the subscribers if there is a big drop in real estate market and the plan gets into financial difficulties? Shouldn't such plans be taxed as mutual companies are?

Ambrose Kelly, American Mutual Alliance, said voluntary plans of this kind will meet the demand for such service or the government will do so. The insurance industry is not opposed to medical care plans, on the contrary it has offered all cooperation. There should be safeguards for subscribers but insurance and medicine together can do a better job than has been done and one that must be done.

Victor S. Cohen, policy bureau chief of the New York department, discussed legal aspects of A. & H. rate regulation to meet public law 15, and Martin J. Dinkelspiel of San Francisco, permanent disability as a proper subject of declaratory judgment action. F. Roland Allaben of Grand Rapids, presided.

Mr. Colmery's round table on veterans affairs featured H. W. Breining, assistant administrator for insurance of the veterans administration, on veterans insurance and Leonard M. Gardner, who assisted Louis Pink in the Philippines on the situation there.

K. B. Hawkins, Chicago, discussed

the proposed amendments to rule 34 of federal civil practice and was generally critical of them. This rule is concerned with discovery and production of documents and other matters for inspection, copying or photographing. Mr. Hawkins took the position that it is too liberal and that the proposed amendment will not remedy it. He said that this and the other proposed amendments have already been submitted by the American Bar Assn. committee to the U. S. Supreme Court and undoubtedly will be recommended by the Attorney General for adoption by the next Congress.

Encourages Perjury

The present rule 34 authorizes the judge to order any party to produce for inspection, copying or photographing any documents and similar items containing evidence material to any matter involved in the action. The amendment changes this to evidence relating to any matter within the scope of the examination permitted by other rules. Mr. Hawkins took the position that liberal examination and access to evidence in the hands of an opposing attorney, which may have been gathered at considerable effort and expense, plays into the hands of lazy lawyers and denies an attorney who has worked hard the benefits of his efforts. He also said that the whole concept of this rule amounts to an encouragement of perjury, since an attorney who has discovery that the opposition has statements and other evidence contradictory to what his witness is going to say will be ready for this and hence the benefit of cross-examination in disproving lying witnesses is seriously impaired. He also pointed out that various federal courts have not agreed on just what matters may be discovered and devoted considerable of his paper to a review of these conflicting decisions.

SUBROGATION ISSUES

Joseph W. Popper of Macon, Ga., gave a paper "The Right of an Employer or Insurance Carrier to Subrogation Against a Third Party Wrongdoer for Injuries to an Employee."

He outlined the main features of the law in each state.

He voiced the opinion that each state should make its compensation for the death of an employee payable to the same person or persons who have the right to sue for the tortious death. If this were done the problems with reference to subrogation in death cases would be solved.

He analyzed the problem that arises in the methods by which the employer or insurer undertakes to collect the amount of compensation paid. In some states the wrongdoer is not liable to the employer if a settlement is made without notice of the fact that the injured person has a compensable injury. This he contended is clearly wrong.

A wrongdoer could or should know whether the injured person was at the time engaged in and about the business of his employer. The wrongdoer should as a matter of law be charged with notice of the right of the injured person to compensation and the liability of his employer therefor. This might seem to prevent a wrongdoer from making an advantageous "quick" settlement, but if such a settlement is so advantageous, the wrongdoer should be willing to reimburse the employer or insurer.

He said he is not in favor of the laws of those states which prevent an employee from claiming compensation if and when he elects to sue the wrongdoer. The employee needs medical attention and compensation immediately, and to recover in a tort action months and sometimes years elapse. The employee should have the benefit of the immediate medical attention provided by the compensation acts and the immedi-

ate payments due thereunder at the time when he needs them most. But he declared he does subscribe to the "unjust enrichment" theory and the employer insurer should in all cases and in the simplest possible manner be reimbursed for any payments made to an employee injured by a third party tort-feasor.

OVERLAPPING COVER

Edward I. Taylor of Hartford gave a paper, "Primary Liability as Between Some Types of Overlapping Coverage." He explained in detail some of the agreements that have been made by some insurers and branches of insurance looking to a solution without the intervention of the courts.

He concluded that no rule can be established from which may be determined under all circumstances and under all types of policies which policy must primarily bear the loss, but it is sufficient that in those cases which are not covered by any of the statements of guiding principles that policies of "specific" insurance generally have the primary liability over floater, blanket or reporting cover policies and that as between two or more "specific" policies the one which is the more specific has primary liability, and that as between floater, blanket and reporting cover policies, they are all equally liable and should contribute.

Under some circumstances, he observed, blanket policies may be specific as to one or more items and as between a blanket policy which does not provide any specific coverage on one or more items, and a blanket policy which does provide specific coverage on items of property lost or damaged, as to that loss, the policy containing the specific coverage is primary, so that it must not be assumed that merely because a policy is of the blanket type, it is not specific insurance as to the particular loss involved.

It is certain, he stated, that the courts are never going to construe "other insurance" clauses so as to deprive the insured of any coverage under any of the policies where the other insurance has been procured by someone other than the claimant and without his knowledge and consent.

AVIATION REPORT

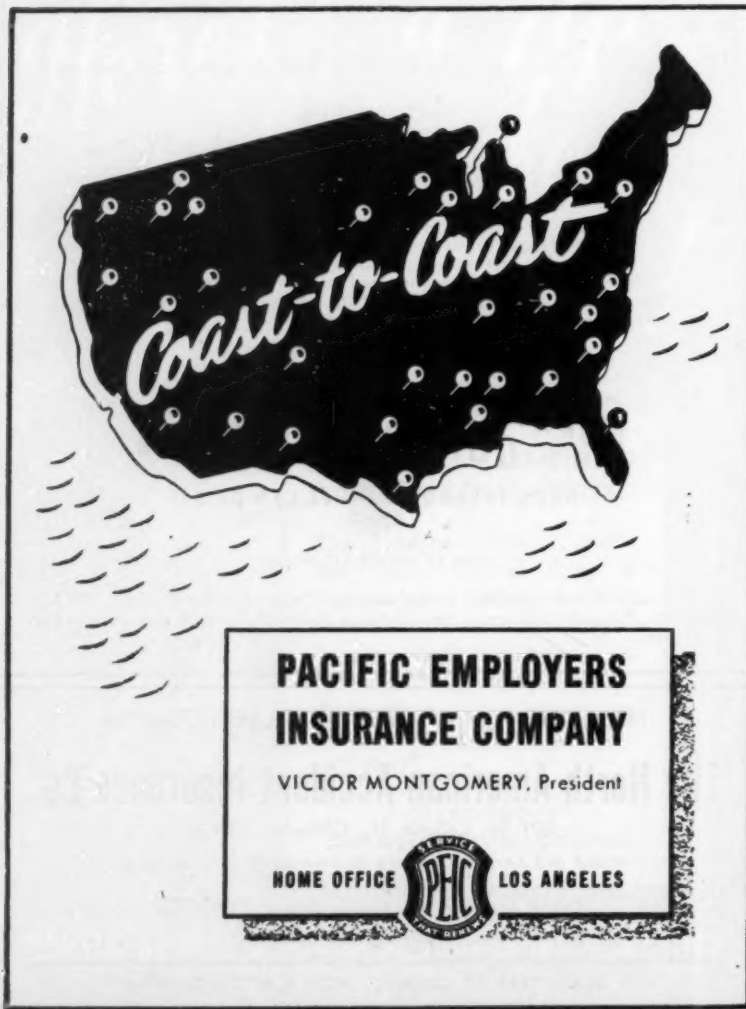
W. Percy McDonald, Memphis, reporting as chairman of the aviation committee, spoke with apprehension of the proposals that have been advanced to impose absolute and unlimited liability on the owner of an aircraft for damage to innocent third parties and their property on the ground. Hysteria created by spectacular increase in aviation activity and optimistic predictions may breed legislation that will prove detrimental to aviation and to the insurance coverage which is a necessary and fundamental factor in its sound development.

Some 20 years ago a so-called uniform state law for aeronautics was promulgated and this imposed absolute and unlimited liability on the owner of aircraft. Several states have repealed this law. Michigan most recently, but variations of it continue in 15 jurisdictions. There have been bills in Congress which take jurisdiction over tortious happenings from the states and place it in the federal government. They transfer the burden of proof from the accuser to the accused by the imposition of liability and they create a limit of liability.

Why Differentiate?


The committee did not make a recommendation on the federal legislation but it pointed out there seems to be little justification for differentiating aviation from other methods of transportation. If control of liability with respect to aviation is assumed by the federal government, the precedent may

(CONTINUED ON PAGE 28)



**PACIFIC EMPLOYERS
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VICTOR MONTGOMERY, President

HOME OFFICE  LOS ANGELES

BELL ASKS INSURERS TO GIVE EAR TO BUYERS

(CONTINUED FROM PAGE 1)

changes bring new insurance needs. Why not test the buyer reaction to all proposed contract changes before putting the new forms on the market—or on the shelf?

How often does the agent test the buyers' reaction? In addition to keeping insured up-to-date on available coverages, "do you inquire of them and of your potential insured as well, what further improvements and new coverages might better suit their needs?" Agents must continue to anticipate and to help meet the public's changing insurance needs.

Consumers' Research

Why shouldn't agents include in their public relations program a provision for closer working relationship with the public that buys the promises to indemnify. It is strange how novel the idea seems to be in insurance circles. Yet a consumer's research program should be an essential in every large business these days, he declared.

"Producers may to some extent have a pocketbook interest of their own in the creating of a market for new insurance products, but in so doing they also serve the public welfare. And what's wrong with the profit motive, anyway? Let's hope that the days of belittling it are past."

Mr. Bell said that the first effective steps toward introduction of an up-to-date fire policy took place in producers' circles. Even endorsement by the commissioners did not bring much underwriting support. Many company executives protested loudly that there was no demand for it; that a new policy could not be adopted nation-wide; that the introduction of a new form would merely add to the many varying contracts already in existence.

In meeting the challenge since insurance was held to be commerce, there are few things an agents' association could do of more importance than to insist upon positive, rigid, and if possible rather uniform insurance laws and practices for governing the future licensing of producers, he declared. "Why not write the rules yourselves? If you don't, someone else shortly will." Only three states require experience qualifications. The agency system can best be discredited by permitting improperly qualified agents to operate. There is no time for lethargy.

STATE REGULATION

Industry proposals for meeting the Jan. 1, 1948 deadline, those thus far forthcoming and those for which any measurable support has been found, convey the impression of merely jockeying for a preferred position and for the future security of one's own segment of the industry. The situation is serious, he said.

In drafting the blueprints for the new edifice which must be erected for insurance, just what space is provided for the insuring public. He suggested that the industry should look to what will prove best for the insuring public; that this might prove best for the industry itself.

"If the industry doesn't draw a new and better pattern for the future than has so far had any nation-wide support, someone else will do it," he said. "Congress has said so." The allegations in the S.E.U.A. case were never proved in court, but serious accusations were made in that case and the prevailing opinion outside the industry and possibly within as well is that conditions then prevailed which might have substantiated many of those charges.

Need Broad Vision

Of the all-industry bills, he suggested that failure on everyone's part to keep a broad vision, to realize that insur-

ance is now under federal sanction and control and that the anti-trust laws prevail, that many practices of the past cannot continue, that competition must have unquestioned fair play—may well bring the accusation of selfish motivation. The consequences might be unwelcome, if not punitive, regardless of the motive.

There has been a surprising lack of direct sampling of the needs or wishes of the people outside the industry, including buyers' groups, he said. State commissioners might have working with them representatives of their legislatures. Should public support for industry proposals be either assumed or ignored?

Other industries which impinge directly upon the public interest, as does insurance, are not usually permitted to write their own rules and prescribe their own rates, he pointed out—the public utilities for example.

Federal Control Here

Nothing that the industry can do will now remove insurance beyond the sphere of federal control and supervision, he declared. Public law 15 lets the states, if they want, continue their first hand, direct control of insurance, provided that insurance operations shall continue within the framework of the federal anti-trust laws, with the possible exception of the sufferance of combinations approved by state laws for loss determination and rate making, and after making provision in the state statutes for the payment of commissions to producers.

The viewpoints of men with broad public contact should not be lightly brushed aside, he continued.

The agent who continues to produce and make a real contribution needn't fear about his position in the future of American insurance, whatever the supervision. There's always a welcome for the man who brings in the business.

However, an ever increasing number of the public are wondering why total insurance acquisition costs must be so high, and why they must be so uniform. There is something of a public aspect to state countersignature rules and laws, he said. More persons are wondering why the burning ratio and other pure loss factors cannot be segregated from the total selling price of insurance.

The industry itself can best solve—if it does not take too long about it—such matters as prior versus subsequent—or any—detailed rate approval; the future status of rating bureaus; what is in a "reasonable margin for profit" regulation; desirable nationally uniform accounting and similar problems.

Don't Need Strict Regulation

The indications point toward much stricter regulation, he said. Yet Congressional action would seem to make it quite clear that the industry must not come up with any final proposals which would provide for less elasticity of operation or for less competition than before. There should not be 49 strait-jackets for confining the public that wants ever-expanding and broader insurance coverages at rates justified by current loss experience. Apparently commissioners do not feel there is any alternative to an expansion of their supervisory and regulatory powers, yet someone should consider seriously the extent to which the public good rather than past insurance practices or hoped-for future practices actually does require any such detailed and uniform regulation of rates and of forms throughout the country as advocates of such extended supervision seem to propose.

The public interest may equally well and possibly better be served by a minimum rather than a maximum regulation of every detail of the business.

He suggested it would be novel and refreshing—though unlikely—if several influential commissioners and industry leaders would come forward in support of the proposal that a commissioner's responsibility should be confined to little more than: Requiring adequate policyholders' surplus for existing companies, and for new or foreign companies entering the field; requiring nationally uniform accounting in the filing of annual and interim reports on financial condition and underwriting results of companies and bureaus; preventing insolvency or liquidating orderly those companies which insist on failing; periodically examining companies and bureaus; and investigating reputedly reported cases of unfair rate

discrimination, and correction of such; but other than that, to permit open and free competition so far as possible in the business.

Greater Flexibility

Competition would probably take care of unconscionable low loss ratios, for there are some enterprising and successful underwriters in the business. There might be with more elasticity in underwriting and rate making greater underwriting capacity and less reliance on a rate clerk and his rate book.

Company executives won't wreck their companies if given more rate-making or underwriting latitude, thinks Mr. Bell. Broad powers and minimum regulation have made the British companies strong.

One step toward a better public performance, he suggested, would be for agents to remedy the failure of reaching the large segment, probably

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the majority, of the American people, which, if not uninsured is decidedly underinsured. This is a crying need, and there has been little effort to meet it. Big business buyers of insurance can look out for themselves. But who in the insurance industry is going to look out after the little fellows who need protection badly regardless of the reason for the lack of it. The answer is some type of mass production, with ways and means yet to be devised. Perhaps this can be done through agency channels by adoption of some minimum premium basis for coverage which also will contain a minimum commission not excessive yet profitable enough to make the business solicitation attractive to the producer. Some wholesale basis for soliciting the insurance of small tenants of large apartment houses could be worked out. Great rewards undoubtedly await the agents or other producers or direct writing companies who

can come up with effective merchandising schemes.

Multiple line underwriting may be the answer.

Cites Undersold Protection

Mr. Bell mentioned several essential coverages that are today terribly undersold—commercial fidelity; householder's comprehensive such as is obtainable abroad; personal comprehensive liability; automobile insurance on a mass basis—the surface has hardly been scratched; medical payments for home and car; extended coverage; rental value insurance; unearned premium insurance; all types of package insurance; registered mail insurance; a really workable and sensible fire errors and omissions policy for financial institutions, and at all times but more than ever right now, some real service and expert advice on the maintenance of proper insurance to value.

INSURANCE LAWYERS ASSEMBLE

(CONTINUED FROM PAGE 26)

be applied to other modes of transportation. The question must be closely studied as to whether such a transfer is desirable if the present system of government is to be protected.

Bills transferring the burden of proof from plaintiff to defendant defeat the established law requiring the accused to prove some fault on the part of the accused, and tremendously increase the cost of claims through larger settlements and increased litigation. There must be limitation of liability to reasonable amounts when liability is imposed, but any reasonable limitation connected with imposed liability is likely to inflict an unjust burden on one party or the other.

The broad construction being placed

upon the words "arising out of the use of" and the extension of terms "loading and unloading" to include "deliver" are resulting in liability under automobile policies beyond the risks contemplated by the framers of the policies, Arthur M. Sebastian, Columbus, O., said at the automobile round table.

Since the problem of the limits of an auto liability policy most frequently arises between the general liability insurer and the auto liability company, it would seem to be to the best interests of the respective companies, in view of the lack of uniformity of court decisions, to clarify the policy provisions so as to fix the limits of their respective liabilities by placing upon one

(CONTINUED ON PAGE 32)

AUTO VERDICTS INFLATION ECHO

(CONTINUED FROM PAGE 21)

pitalization expense paid to a soldier injured in train wreck, see U. S. vs. Atlantic Coast Line Rd. Co., 13 C.C.H. Negligence Cases 273 (1946). Also, Standard Oil Co. of Calif. vs. U. S., 24 C.C.H. Automobile Cases 647 (1946).

The federal government, he went on, is now engaged in a program of gratuities to selected citizens even larger in scope than the original CCC program, that being the payments being made to GI's to assist them in education and on the job training programs. If such payments are gratuities, then it is questionable whether or not returning GI's who are engaged in an on the job training program are entitled to include government subsidy payments as a part of their earning power in determining damages, or to claim compensation benefits beyond that which would be due under the wage scale program which the private employer is specifically responsible to pay.

In the case of compensation claims the issue is whether or not the private employer must assume the burden of paying workmen's compensation insurance based upon a payroll which includes not only the moneys which the employer expends himself but also the additional expenditures made by the U. S. as a part of the on the job training program. If the private employer cannot be charged with the compensation premiums based upon the on the job training program payments to GI employees, and the U. S. does not pay such premiums, then insurers would be compelled to assume liabilities in excess of the liabilities for which they have been able to collect a regular premium.

The courts, the speaker asserted, appear to be tightening up the responsibility of insurance companies to pay the insurable limits of their policies before requiring contribution from the insured. A recent case in which the insurer was held not to have conducted the settlement negotiations in good faith illustrates the procedure by which persons with insurance are narrowing down the extent to which they can be required to contribute to damage settlements until after insurance carrier has paid to policy limits. Papke, Spec. Admx. vs. American Automobile, 24 CCH Automobile Cases 754 (Wisconsin 1946).

Tenn. Bars Assessments by Central Mutual Receiver

The circuit court of Shelby county, Tenn., after an extensive trial of two suits, filed by the receiver of Central Mutual of Chicago, has decided that the Tennessee statute of limitations bars the right of the receiver to collect assessments against Tennessee policyholders. Under the Tennessee law, the

statute of limitations started running on the date of the legal insolvency which was Jan. 11, 1937, according to the decision. The Tennessee court followed the supreme courts of Kansas, Ohio, Michigan and Maryland in reaching its decision. The cases were Roy D. Keehn, receiver of Central Mutual vs. John T. Fisher Motor Co., and Armstrong Transfer & Storage Co.

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October 31, 1946

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Minn. Conf.

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INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Minn. Leaders to Confer on Nov. 6

MINNEAPOLIS—As a sort of kick-off for the new year's activities of the Minnesota Assn. of Insurance Agents, a fall committee conference will be held here Nov. 6. It will be an all-day affair, attended by officers, executive committee members and regional chairmen.

The program will get under way at 9 a.m. with President George Thompson of Minneapolis presiding. Taking part will be Richard A. Thompson, national director, who will talk on "Your Trade Association"; Arthur Hirmann, Rochester, on "Regional Activities"; Frank S. Preston, Minneapolis, on "Committee Functions"; Armand Harris, St. Paul, on "Legislation," and George Blomgren, executive secretary, on "State Secretarial Work."

This program will be followed by an open discussion period led by Roy Engberg, St. Paul, and Howard Williams, Mankato. Charles F. Liscomb, Duluth, will make the closing remarks. The executive committee will hold a session for consideration of the model rating bills. Commissioner Johnson has been invited to meet with the group for dinner.

Leavenworth Board Elects

New officers of the Leavenworth (Kan.) Insurance Board are: President, Edward F. Reilly, vice-president, John G. Baum. A secretary-treasurer will be named later, as Phil Rayburn, who was named, felt that he could not serve this year. E. D. Kelly is retiring president.

Lusk Coffeyville President

New officers of the Coffeyville (Kan.) Insurers are: President, R. A. Lusk, Etchen agent, succeeding Ben H. Morgan, Morgan-Exner agency; vice-president, A. S. Gentry, First Agency; secretary, H. Max Webb, Wassam agency.

T. J. Hendra in Agency

Thos. J. Hendra, former special agent for the Dearborn National companies until he went with the U. S. procurement division during the war, has reentered the insurance business with Maxwell Underwriters, Inc., Detroit.

DuPage County Agents Elect

New officers elected by the DuPage County (Ill.) Assn. of Insurance Agents are: Thomas O. Myers, Elmhurst, president; Gilbert C. Mochel, Downers Grove, vice-president; Joseph J. Schuch, Elmhurst, secretary, and Clyde E. Taylor, Downers Grove, treasurer.

On the executive committee are Arthur W. Guild, L. L. Hare, Claude E. Jones, Mr. Mochel, Mr. Myers, Mr. Schuch, C. W. Schwendener, J. H. Wagoner and Earl Widden.

Hoag and Gray at Dayton

Kenneth J. Hoag, Ohio state agent of Fireman's Fund, and Theodore M. Gray, executive secretary of Ohio Assn. of Insurance Agents, addressed a meeting of the Dayton Fire & Casualty Assn. Mr. Hoag spoke on "Your Association and You" and Mr. Gray discussed legislation and litigation.

Alliance, O., Meeting Nov. 13

John Bay, president of the Alliance (O.) Insurance Club will preside at a meeting in Alliance Nov. 13. A large number of insurance men from that

area will be in attendance and several speakers of prominence are scheduled.

Adjustment on Sale Sought

FOND DU LAC, WIS.—Joseph Engel, Neenah local agent who purchased the Charles Handt agency of Fond du Lac earlier this year from the referee in bankruptcy for \$3,970, has filed a petition for an adjustment of the purchase price. Mr. Engel claims that after he assumed control he discovered that some of the policies written by the Handt were duplicated and that others had lapsed, and as a result he found that he paid more for the agency than it was worth. Attorneys for the trustee have demurred to the complaint.

Many Losses at Paris, Ill.

Companies have been making complaints of the number of losses at Paris, Ill. Local agents in general attribute the cause to carelessness and inadequate fire department.

Public Insurance Reallocated

The October meeting of the Lawrence (Kan.) Insurance Board was devoted to a reallocation of the public insurance handled by the board, based on C.P.A. check-up of the books of the member agencies, handled by a special committee. The board has endorsed

Frank Sullivan of that city, Republican candidate for insurance commissioner.

Report on Denver Meeting

Lurton Stubbs, Monarch Investment Co., president Wichita Assn. of Insurance Agents, gave his report on the Denver N.A.I.A. convention at the October meeting. The advertising campaign on the bank-agent auto plan also was threshed out at that meeting.

NEWS BRIEFS

Irving B. Lentz, Columbus, has been presented a testimonial scroll in recognition of the more than 25 years' representation of Niagara Fire.

Insurance Women of Madison, Wis., have resumed their activities. New officers are Wilma Osborn, president; Helen Griesbach, vice-president; Grace Clapp and Leota Schoenoff, secretaries.

The Topeka Assn. of Insurance Women will meet Nov. 6. John G. Stutz, secretary Kansas League of Municipalities, will discuss housing conditions in England.

The Indianapolis Assn. of Insurance Women heard H. H. Wells, president of Wells & Co., discuss "Aviation Insurance" at a dinner meeting. The association plans to conduct a series of educational courses.

The Rock Island Ass'n of Insurance Women heard talks by Captain Charles H. Knox and Theodore Martin of the fire department, who emphasized the importance of practicing fire prevention every day of the year. Max Jennings of the police department presented a film, "The Firemen."

Walter B. Johnston has been appointed chief underwriter of the King-Ramsey Detroit general agency. Mr. Johnston has been with American Automobile and recently returned from service.

PACIFIC COAST AND MOUNTAIN

Oregon President Outlines Program

PORTLAND—The Oregon Assn. of Insurance Agents executive committee in session here heard a report by F. E. Jewett, state-national director, on the Denver convention of N.A.I.A. President S. H. Carter outlined the administration's plans; suggested the 1947 convention be held at Eugene; that the Oregon qualification law be strengthened, and that the committee consider endowing a chair of insurance at University of Oregon at estimated annual cost of about \$4,000.

Mr. Jewett reported the state association again had been awarded the Oregon liquor commission insurance line by the state board of control. The association handled the line a number of years ago, but in recent years it was handled outside the association. Mr. Jewett was designated to service the line for the association.

A letter was read from J. C. Banks, Portland local agent, urging the association back formation of a pool of fire companies to underwrite unsprinkled woodworking risks. The proposal was referred to committee headed by J. D. Smith, Eugene, for study. It was decided to stage a series of regional meetings.

Chief Deputy Commissioner Leary outlined amendments to the Oregon code which the department feels should be made to comply with public law 15. The Oregon agents limitation law should be repealed, he said.

Companies May Decide to Write Depreciation Cover

SEATTLE—The valued policy law, which has been a part of the state of Washington insurance code for many years and has been a constant impediment

to every fire agent in the state, is being deleted from the proposed new code draft. A strict section prohibiting over-insurance and setting up penalties is in the draft.

With the valued policy out of the code, it is anticipated companies will be receptive to writing depreciation insurance, which the old code prohibited as being an illegal cover. Replacement insurance is legalized in the new draft.

Austin Tells Local Board Plans to Colorado Assn.

DENVER—New officers and directors of the Colorado Assn. of Insurance Agents, at their first meeting here, heard Ralph Austin, president, speak on establishing more local insurance boards throughout the state. Local boards are now operating at Pueblo, Colorado Springs, Denver and Longmont.

Mr. Austin mentioned the possibility of getting the insurance companies to form a pool for the writing of "long haul" business similar to the work done by the aviation groups.

It was reported that Del Van Gilder, chairman forms and rules committee, appeared before the supervisory committee in Colorado Springs Oct. 21.

Wash. Leaders Meet Nov. 15

SEATTLE—Agency leaders from all parts of Washington will meet here Nov. 15 for the regular fall session of the executive committee and local board presidents of the state association.

There will be a social hour, followed by dinner and an evening session. The group will attend the Washington-Oregon football game the following day.

Two Join Hansen & Rowland

Hansen & Rowland, Tacoma general agency, has appointed Paul S. Tennant claims manager. He has had 10 years' experience in supervising and handling

casualty claims, the past four years as claim manager in San Francisco and Oakland of one of the large company offices.

E. M. Callan has been named auditor in the accounting department.

Urge Insurer-Realtor Cooperation

Clarence M. Livingston addressed the Spokane Insurance Assn. on the relation of an insurance contract to the closing of a real estate transaction. He emphasized the need of close cooperation between the realtor and the insurer to bring about proper understanding and avoid short rate cancellation of existing policies. Agents were urged to give prompt attention to requests from realtors for endorsements to existing policies.

Heads New F.C.A.B. Office

Hugh W. Brinkerhoff has been appointed adjuster in charge of a new office of Fire Companies Adjustment Bureau at Modesto, Cal. Mr. Brinkerhoff has been with F. C. A. B. since 1941 at Vallejo and Stockton.

Paul A. Schmitt has been licensed as a broker and has opened an office at 3919 West Eighth street, Los Angeles. He formerly was in fire and casualty company work.

EAST

Attack M. H. Taylor

Insurance Spoils Pa. Election Issue

HARRISBURG—Charges and counter charges are being made in the Pennsylvania gubernatorial campaign regarding the state insurance and bonding business of the Harrisburg agency of M. Harvey Taylor, he being chairman of the state Republican committee.

John S. Rice, Democratic nominee for governor, has promised if elected he would "put in jail" anyone who "profited unlawfully" from the bonding and insurance handled through state departments.

Rice also asserted he would investigate charges made by John U. Shroyer, who bolted the Republican party after losing an independent gubernatorial bid. Shroyer said the state's insurance business was a "juicy racket" for Taylor.

"If anyone has profited unlawfully, I will force them to disgorge," Rice pledged, "and if they have committed any crime I will put them in jail. If the state is being overloaded with insurance, I will cut it down to a proper point, sufficient to protect the commonwealth without providing a gravy train for racketeers."

Martin Denies Charges

Gov. Martin, Republican candidate for the U. S. Senate, branded the charges as false. Martin said the Taylor firm had received only \$6,746 premiums on state business during the last four years, earning commissions of \$1,349. During this period, he added, insurance and bonding premiums paid by Pennsylvania amounted to \$813,174.

Martin said premiums of \$605,891 paid by the state banking department during the Democratic regime from 1935 to 1939 compare with \$76,577 paid for premiums in the same department during his term.

Camden Training Course

CAMDEN, N. J.—The Camden County Assn. of Insurance Agents has voted to sponsor a insurance training course for returned veterans, covering fire, casualty and marine and continuing

for seven weeks, two evenings each week.

N. Y. Hotels Inaugurate Fire Prevention Program

A fire prevention program has been inaugurated by the New York State Hotel Assn. It has retained John J. McCarthy, recently retired as commanding officer of the uniformed force of the New York fire department, as consultant to member hotels. Mr. McCarthy has had 32 years as a fireman and is an authority on fire engineering.

Hinkley Is President of Boston Library Association

BOSTON — The Insurance Library Assn. of Boston has elected as president Ralph G. Hinkley, New England manager of American; vice-president, Walter C. Small, Field & Cowles; treasurer, Kenneth H. Erskine, manager Anglo-American Underwriters Agency;



RALPH G. HINKLEY

secretary and assistant treasurer, Abbie G. Glover.

Mr. Hinkley, Mr. Small, Gayle T. Forbush, retired U. S. manager of Royal Exchange; Gorham Dana and Herbert A. Kneeland, John C. Paige & Co., were reelected trustees, and Fred H. Morasch, vice-president of Fireman's Fund, was elected to fill the unexpired term of James F. Crafts, who has moved to California.

The association now has 308 members.

Insurance in Newark Library

NEWARK—A formal opening of the insurance division of the business branch of the public library in Newark was held Oct. 25. A large number of books have been donated by the insurance associations and individuals. It was established principally through the efforts of the Essex County Agents Assn.

N. Y. State Women Elect

Federation of New York Insurance Women's Clubs has elected Miss Marguerite FitzPatrick, George Kelley agency, Syracuse, president. She is a past president of the Syracuse Insurance Women's Assn.

Miss Edna Curtis, Massachusetts Bonding, Albany, was elected vice-president; Miss June Wells, Standard Accident, Buffalo, and Miss Marie Sullivan, Loss Protection, Inc., Syracuse, secretaries; Miss Alma Pavia, T. F. Street & Son agency, Rochester, treasurer; and Miss Marguerite Healy, Pacific Fire, New York, and Mrs. Edna Parent, Iliou, board members.

The Insurance Women of New Jersey at the October meeting in Newark heard John C. Conklin, Hackensack, president New Jersey Assn. of Insurance Agents, talk on public law 15.

N. C. Premium Tax Method Questioned

RALEIGH, N. C.—Representatives of 10 of the 12 domestic insurance companies in North Carolina requested of the state advisory budget commission here that the state return to a method of taxing insurance premiums which prevailed prior to 1945, in order to foster the growth of the companies.

The present North Carolina premium tax is 2%. Before 1945 it was 2½%, but companies with 15% or more of their total assets invested in North Carolina were given a preferential rate of ¾%.

Spokesmen for the companies said that although taxes collected in the state last year were within \$1,100 of that which would have been secured under the tax system in force prior to 1945, the 23 companies which previously had qualified for the lower rates had to pay \$424,000 more in taxes than under the old system.

Some Oppose Old Plan

The proposal to return to the old plan was opposed by Julius Smith, Greensboro, representing Jefferson Standard Life and Pilot Life, who argued his companies no longer would qualify for the lower rate, would be penalized by return to the old system, and might suffer from retaliatory taxes in many other states.

Col. W. T. Joyner, Raleigh, represents the companies seeking return to the old plan, which include Durham Life, Raleigh; Home Security Life, Durham; Imperial Life, Asheville; Liberty Mutual and Pyramid Life, Charlotte; Security Life & Trust, Winston-Salem; Southern Dixie Life, Greensboro; State Capital Life, Raleigh; Winston Mutual Life, Winston-Salem, and North Carolina Mutual Life, Durham.

Loman to Confer C. P. C. U.

The education program of the Dallas Insurance Agents Assn. will be featured at the membership luncheon Nov. 20. Guest of honor will be Dean Harry Loman of the American Institute for Property & Liability Underwriters, who will confer C.P.C.U. designations on Hal Gullidge and Willard Crotty, vice-presidents of the Dallas association, and on Price M. McCulley of the Fire Companies Adjustment Bureau. About 45 Dallas agents are working for C.P.C.U.

Eastman General Agent

Richard W. Eastman, formerly special agent for Virginia of James O. Cobb & Co., Durham, N. C., is now operating a general agency at Staunton, Va., representing Birmingham Fire of Pittsburgh, under the name of Eastman & Co.

FCAB Opens Hot Springs Branch

Fire Companies Adjustment Bureau has opened a branch office at Hot Springs, Ark., with W. P. Witsell, Jr., as manager. Mr. Witsell formerly was branch manager at Fort Smith, Ark.

Cancel Richmond Bridge Cover

The city of Richmond has canceled insurance carried on R. E. Lee bridge over the James river and three viaducts and asked for return of the unearned premium. All-risk policies totaled \$1 million. An additional \$300,000 use and occupancy insurance was carried. The insurance was taken out to guarantee bondholders continuity of income in case the bridge should be destroyed. Some of it had been in force for many years. Since bondholders had been paid off, the city considered it no longer necessary to keep the insurance in force.

N. C. Rating Bureau Renames Officers

RALEIGH, N. C.—Landon Hill of Raleigh was reelected manager and P.W.D. Jones, Piedmont Fire, Charlotte, reelected chairman of the North Carolina Fire Insurance Rating Bureau at its annual meeting. J. M. Broughton, Raleigh, was reappointed counsel. The bureau represents 323 fire and casualty companies.

Manager Jones reported new industrial expansion in the state has resulted in a large increase in premium collections by insurance companies, many reporting premiums up 25 to 45%. Commissioner Hodges gave a talk.

"Full" Insurance Not Enough

LEBANON, TENN.—The Wilson county board of education, according to Superintendent Belcher, had 100% insurance on both building and equipment of the Mt. Juliet High School which burned last week, \$38,000, but it will cost \$70,000 to rebuild and re-equip it.

Transfers Stephens to Ga.

Fire Companies Adjustment Bureau has transferred Lloyd C. Stephens, adjuster at Bluefield, W. Va., to Columbus, Ga., in the same capacity. A native of Atlanta, Mr. Stephens has been with F.C.A.B. 20 years, except for several years in the army during the last war. He has been in the Bluefield office eight years.

Edward B. Sample, local agent, has been reelected president of the Knoxville (Tenn.) Real Estate Board.

MARINE

Horan Marine Head for Pacific National

Howard K. Horan has been appointed manager of the inland marine department of Pacific National Fire, with headquarters at Philadelphia.

Mr. Horan has had 23 years in inland marine and ocean cargo business, starting in 1923 with W. B. Brandt & Co., then nationwide general agents for Commercial Union. In 1926 he joined St. Paul F. & M. to open its marine branch in Seattle, and was manager until 1930. Then he joined General of Washington, and opened that company's marine department.

Mr. Horan is a veteran of the 2nd war where he served in the navy as a lieutenant commander.

R. W. Grier to Marine Post for Florida General Agency

Robert W. Grier, the past few years with the Irby-McKinney general agency of Atlanta, has joined the Wilson-Boozier general agency of Jacksonville to specialize in ocean and inland marine at its Miami branch.

Mr. Grier served some years with Appleton & Cox and later was Atlanta manager for Wm. H. McGee & Co. Mr. Grier graduated at Georgia Tech in mechanical engineering. He then entered insurance with Appleton & Cox at Atlanta.



R. W. Grier

Berge and Gorman Give the Answers

(CONTINUED FROM PAGE 22)

private rate making is going on, then it is time for action. Mr. Berge agreed with this statement by Mr. Gorman.

Where a practice is held to be illegal, Mr. Berge elaborated, as with price fixing, the department would proceed criminally. In other types of cases it proceeds civilly; in some cases in both ways.

B. M. Anderson, Connecticut General Life, asked if the department had considered action to eliminate some of the ambiguities of public law 15. Mr. Berge doubted if Congress would pass a clarifying act in the 15 months left.

Are we running into a collision between two philosophies, that of the Sherman act which calls for increased competition, and that of control of unbridled competition, Henry Moser of Allstate, Chicago, asked.

Partial Control Leads to Full

Mr. Gorman said he knew of no theory of controlled competition in government circles. The Justice Department doesn't like it because partial control leads to full control. First unbridled competition is checked, then competition is checked.

When the insurance companies combine to drive out competition then the Sherman act becomes applicable. Combination of experience, however, doesn't necessarily mean combination on rates.

Proponents of various views on rate legislation, Mr. Gorman said, point to the good in their own and the bad in the others. No one has yet pointed out or combined the good points in all the proposals.

Mr. Berge said the absence of affirmative regulation is not going to produce federal regulation automatically. But if after a time the abuses are not tackled by the state, then there will be anti-trust action. That might cure the abuses, and put off for a time or forever the setting up of control by the federal government. Congress is not going to act, in his opinion, until abuses arise that are not corrected by the state or by anti-trust prosecution.

Neutral on State Control

Nothing that Mr. Gorman or Mr. Berge said, the latter urged, should be taken as advocating or opposing state regulation. The Justice Department's interest is whether the states do enough to take prices out from under the anti-trust laws.

The department is not going to move in with suits Jan. 2, 1948, if a state doesn't pass regulatory laws. That action will depend on the pattern that develops and that will take some time. If it looks as if some progress is being made, even though all states haven't passed laws, the department wouldn't move right away. If it looks like the states generally are not going to pass regulatory legislation, then the Justice Department's attitude will be different.

Daniel Mungall, assistant U. S. manager of General Accident, asked what if a company filed a 10% deviation in the rates on judgment alone. Mr. Gorman said the anti-trust laws wouldn't be involved. The question is one of public interest and up to the commissioner to decide.

Douglass Hudson of the Western companies of Fort Scott, Kan., asked this question. If the majority of casualty companies file through a rating bureau and the other companies separately, to what extent are the majority of companies in violation of the anti-trust laws?

Mr. Gorman said that Kansas provides for an examination of rates. The companies unquestionably are not in violation of the Sherman act.

In response to another question he said mere prohibition is not control.

district. Do hotels, bank do not have however, the protection of insurance of machinery equipment, tanks, coil cooking kettles by the public and inspectors provided for, compressors, refrigerating systems, sion or break, erate electrical other service used, the relief valve high pressure piping of designed for plode viole

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Gives Tips on Boiler-Machinery Cover

(CONTINUED FROM PAGE 15)

district. Downtown department stores, hotels, banks, and mercantile buildings do not have their own steam boilers, however, these buildings should have the protection of inspection service and insurance on their pressure vessels and machinery equipment, such as hot water tanks, coil water heaters, and jacketed cooking kettles, where steam is supplied by the public utility system. Protection and inspection service should be provided for compressed air tanks and compressors, refrigeration and air conditioning systems, which are subject to explosion or breakdown. Many buildings operate electric motors for elevators and other service. Where central steam is used, the failure of the reducing and relief valves allows the public utility high pressure steam to enter the steam piping of the building which is only designed for low pressure, and may explode violently.

Specific Plan Old Fashioned

For many years insurers sold boiler and machinery insurance on what we call a specific basis; that is, specific boiler and machinery objects were specifically described or designated by serial number or otherwise insured under the policy. Many policies were endorsed automatically to provide coverage on newly installed objects or newly acquired plants. Such automatic coverage extended for only 90 days, so that it was the assured's responsibility to request coverage on newly installed objects. He could easily forget such coverage.

In large plants it is sometimes difficult for the insurance manager to keep track of new equipment and provide continuous protection. As a means of preventing a lapse of coverage and providing continuous and automatic coverage for the entire policy period, the companies have developed group, or blanket insurance, which insures all objects of a type or group, that the plant wishes to insure. Instead of specifying the objects to be insured, the assured decides upon a policy or plan of insurance, that is, he decides what type of objects he wishes to insure in his plant, and then such objects are described as a group, such as: "All steam boilers and pressure piping, all hot water boilers, all reciprocating compressors, all electric motors over 9 h.p."

Enjoys Automatic Insurance

Under this group coverage, the assured enjoys automatic insurance on all objects coming within such described groups during the policy term. Under group or blanket coverage, an annual audit is made, and the premium is annually adjusted depending upon what equipment the assured has newly installed or taken out of the plant. Although the audit is made annually on the anniversary date of the policy, the premium adjustment is figured retroactively, six months, both as respects additional and return premium.

When we first started writing group or blanket coverage on pressure vessels, we described various types of vessels such as all compressed air tanks, hot water tanks, jacketed cooking kettles. Although we often enumerated objects of a kind that did not then exist in the assured's plant, it was impractical to enumerate all types of vessels and it was found that sometimes an assured would install a pressure vessel of a type not enumerated, and, therefore, not covered. Later this coverage was more highly developed and a broader wording often was used to cover pressure vessels similar to the following: "All metal unfired pressure vessels which are permanently located on the premises of the assured, and which are subject to vacuum or pressure, other than static pressure of contents (with a few exceptions such as excluding vessels forming integral parts of a rotating or reciprocating machine and parts of a refrigerating system; such objects should be

insured as part of the machine or refrigerating system, instead of, as a pressure vessel)."

There is no comparison between the desirability of the continuous and automatic insurance provided by group or blanket coverage and that provided by specific coverage.

The assured cannot under group coverage pick and choose insurance on similar kinds of equipment; he cannot insure some 20 h.p. motors and not insure other 20 h.p. motors, or some air tanks and not other air tanks. The principle of group insurance is to cover all similar objects, although they may use certain minimum size restrictions. An insured plant might not want to insure very small electric motors or very small refrigerating compressors, such as would be found in an ice box, or drinking fountain, in which case a minimum size is established as a floor and all objects larger than that minimum size automatically are covered under the group description.

Cites Recent Losses

Mr. Meyler sketched some recent losses for discussion.

—Hospital: Coil ruptured in a water cooler which was part of the insured refrigeration system; direct damage \$300.

—Wood veneer plant: Rupture of bellows in a thermostatically controlled radiator valve occurred at night, and escaping steam damaged furniture, files and painted walls. This valve was covered as part of the pressure piping. The direct damage was \$200.

—Laundry: Furnace fuel explosion, direct damage \$180.

—Laundry: Boiler burned due to excessive scale; direct damage \$180, use and occupancy \$800.

—Flour mill: Broken piston rings on a Diesel oil engine; direct damage \$500, U. & O. \$2,500.

—Private residence: Boiler, all cracked, \$682.

—Warehouse: Boiler section cracked, expediting \$400.

—Rubber plant: Low water overheated boiler, U. & O. loss five times the direct damage.

—Basket factory: Burned boiler, low water cause of direct damage, \$1,200.

—At Wyandotte, Mich.: 400 h.p. steam turbine ran away and damaged itself. Extent of damage not yet known, may be repairable, or may not be, machine is worth \$80,000. There may be considerable U. & O. loss.

—Auto body plant: Burned boiler, low water, \$10,000 damage estimated.

Several economizer losses have approximated \$75,000 not including use and occupancy losses. Very frequently, especially under today's conditions, U. & O. losses far exceed direct damage losses. A small part of a machine may fail, shutting down an entire plant. The cost of repair or replacement of the part itself may be insignificant, but U. & O. loss is often very high.

For years most boiler and machinery U. & O. has been written on a valued form, which agrees to pay the stipulated daily indemnity for each day that the plant's production is totally suspended as a result of an insured accident. Indemnity may begin either at the time of accident or at a deferred midnight. Under the valued form, for partial suspension of production, a corresponding part of the daily indemnity is paid.

There is now available an actual loss sustained U. & O. endorsement that pays the actual loss of the assured. Both of these forms are written with a daily limit and a total limit for each loss. They no longer exclude accidents caused by malicious mischief; and the wartime priority clause has been removed.

A common form of insurance for greenhouses, cold storage plants and other plants, which may suffer a spoilage loss in consequence of a boiler or

machine accident, is consequential loss insurance, which pays loss for damage to flowers and plants freezing in greenhouses as a result of a boiler or steam pipe accident; for the spoilage of food stuffs or other products in cold storage that may spoil due to a failure of the refrigerating machinery.

A big benefit the assured receives is having an experienced insurance company help to expedite repairs or replacement of damaged equipment. Insurers call upon their country-wide organization in securing boiler or machine parts from distant points. Their extensive experience in effecting rapid repair or replacement, or arranging temporary means of power, is often of great value. A plant would rather receive help in expediting the restoration of their business or production, than receive merely daily indemnity.

Sometimes there is an overlapping between the fire insurance companies' explosion coverage provided under their extended coverage and other forms of

explosion insurance and the boiler policy. The agent should make sure that there is not a lapse of coverage between the two classes of policies which would certainly be worse than some overlapping. The fire companies' explosion coverages generally insure against furnace explosion, that is, an explosion of fuel gases, or vapors, within the furnace, firebox, tubes, or flues, of a boiler, which, of course, may be covered by a boiler policy. Some of the fire company forms insure against an explosion of certain pressure vessels whereas others definitely do not, and the agent should carefully check each policy.

Under a steam boiler policy, the coverage insuring against furnace fuel explosion, or pressure vessel explosion covers not only damage to all of the assured's property, regardless of where located, but also the assured's liability for damage to property of others regardless of where located and also personal injury and death liability, excluding workmen's compensation insurance.

Putnam, Glassick in Top California Posts

(CONTINUED FROM PAGE 3)

laws. This situation demands constant application of operations to the public interest.

He described as a major headache insurance for minority racial groups and said that if private carriers will not insure these people some governmental agency will. The California assigned risk plan does not go far enough, because it should provide auto insurance for the physically impaired and other risks considered too old or too young, he said. The financial responsibility act, he described as too lenient in California.

The time may be near at hand when blanket underwriting restrictions will be given further consideration. Long haul trucking presents many unsolved problems, but it may be short sighted to lay down blanket restrictions which only tend to discourage risk improvement. Perhaps the same may be said of the logging industry and several others, Mr. Minkler said.

Samuel T. Shotwell, North British manager, reviewed the progress being made toward mutual understanding of underwriting and production forces.

George S. Ennis, western regional representative of the National Safety Council, urged greater efforts for accident reduction, saying that the insurance people have a better realization of the economic consequences.

Stevens Flies In

Tuesday morning's session was opened by Jay W. Stevens, assistant manager of the National Board at San Francisco, who flew from Long Beach where he was attending a convention of the Pacific Coast Assn. of Fire Chiefs of which he is executive secretary. Mr. Stevens presented a slightly revamped version of his talk at Denver on how fire prevention activities aid in public relations, and flew back to the fire chief's meeting.

The bank and auto agent plan is making some headway in California. H. H. Hendren, vice-chairman of the plan committee, said. He urged stepped up activity, however, to have the plan firmly established in the buyers' minds. The bankers' activity along these lines was explained by Orville W. Frieberg, American Trust Co., San Francisco, and J. M. Marble, Security First National Bank of Los Angeles, both of which have prepared complete advertising kits for the use of agents and brokers.

W. B. Glassick gave a modernized version of his demonstration and discussion of agency management practices and was followed by T. H. Mugford, vice-chairman of the California Employment Stabilization Commission, that will direct operation of the compulsory state sickness benefit plan.

The quiz show, "Is It Covered?" was

conducted by Harold I. Callis, Santa Barbara, who has conducted similar features at several previous conventions. The judges on questions and arguments were H. W. Semmelmyer, Planet; P. S. W. Ramsden, Oakland, and Karl Glasbrenner, Glens Falls, Los Angeles.

Then came the election of officers of the association and the Insurance Institute of California as corporations. The cocktail reception hour started before the annual banquet where the new officers were installed by William H. Menn of Los Angeles and given the oath of office by Cecil Lloyd, chief assistant commissioner.

The Oakland association was host to the convention, but it had to be held in San Francisco, because the only hotel large enough to house it in Oakland is still being used as an army hospital.

Rhode Island Agents

Reelect Fisher as President

(CONTINUED FROM PAGE 12)

Edward Devine, Providence, manager Rhode Island division New England Rating Assn. Governor John Pastore of Rhode Island, who is in the midst of a strenuous campaign, dropped in at the banquet to bring greetings.

Officers elected are: Carleton J. Fisher, Providence, president; Lewis B. Plummer, Newport, vice-president; William A. Lester, Providence, secretary; E. Harris Howard, Jr., Providence, treasurer; Walter R. Johnson, Providence, state national director.

Regional vice-presidents are: John B. Butler, Pawtucket; John J. Clarke, West Warwick; W. M. Richardson, Bristol; Gilbert A. Ramlose, Newport, and Frank E. Nichols, Hope Valley.

Appleton & Cox Opening

The Chicago office of Appleton & Cox that has recently taken expanded quarters in A-750 Insurance Exchange building, is holding a formal opening and inspection of the quarters Wednesday afternoon, Nov. 6.



Wisconsin Mutual Men Hold Annual Gathering

(CONTINUED FROM PAGE 3)

much about your competitor. You will come out on top. No one can stop the man who knows where he is going.

"The only real threat to the American Agency System," Mr. Albrecht said, "comes from state fire insurance and state workmen's compensation funds, and state medical and social care proposals, and other socialistic and communistic enterprises."

Dr. J. Martin Klotsche, president Milwaukee State Teachers' College, gave a talk on world affairs.

A forum on questions of underwriting was conducted at the closing session with a panel of experts composed of members of the Wisconsin 1752 Club. George Faulds, National Retailers Mutual, Chicago, club president, was chairman. Assisting were Robert Barber, West Bend Mutual; Ronald Barton, Schiffler & Co.; John Lau, Union Mutual; Clarence Loverude, Iowa Mutual Liability; Clarence Idarius, Celina Mu-

tual Casualty, and Harold Dunn, of Reitan-Lerdahl & Co., general agency, Madison, Wis.

Preceding the convention of the companies, the Wisconsin Federation of Insurance Agents held its annual meeting. Harold Shier, Reitan-Lehrdahl & Co., Madison, was reelected president; G. E. Possin, Waupun, was named vice-president, and Harold P. Otten, Mil-

waukee, was again elected secretary.

The proposed agent's qualification and licensing bill, sponsored by the Wisconsin Assn. of Insurance Agents was discussed. While no definite action was taken, the consensus favored a qualification law but there was some differences of opinion on certain provisions of the proposed bill, as there was at the recent Wisconsin association meeting.

55 Papers Given at Insurance Bar Rally

(CONTINUED FROM PAGE 28)

or the other liability for acts beyond the physical removal of goods to or from a vehicle that may be necessary to complete delivery.

Without such an agreement among insurers, the auto policy could be clarified so as to confine liability within a strict construction of loading and unloading leaving the balance of the field to be covered by the general liability insurer.

Responsibility Laws

While there is as yet no large body of decisions under auto financial responsibility laws, the trend of all judicial opinions is to sustain every provision as within the police power of the state, Mark Townsend of Jersey City said in discussing legal problems presented by such laws.

Accident reports to the motor vehicle commissioner in New Jersey are not open to public inspection but are admissible in evidence merely to show compliance with the act. He said the report can't be any evidence of negligence or due care of either party at any damage trial. This is true in Michigan, Illinois, Kentucky, Minnesota and others, but not in New York. Every lawyer should realize that his clients report in event of suit will be used against him, calling for careful preparation.

Discharge in bankruptcy or insolvency proceedings is not a satisfaction of judgment except in Iowa, North Carolina, Delaware, District of Columbia, Georgia, Rhode Island, the Dakotas and Tennessee.

Any policy defenses such as breaches of warranty or conditions subsequent are available to the excess limits which are those above statutory limits, he said.

There is disagreement as to whether the motor vehicle department's authority to assess the amount of damages without hearing or right of appeal is not a violation of the Constitution's due process clause. He said, five-ten statutory limits he regards as dangerously low.

F. B. Baylor of Lincoln, presided. This was one of the best attended of the forums.

Under section 15 of the standard contract the contractors can appeal a dispute to the head of the government department over the contracting officers' determinations. Otherwise the decision of that officer is final. In any case the decision of the department head is final, the court has held unless it is fraudulent or grossly erroneous.

Mr. Heron emphasized the importance of taking the appeal to the department head.

A review of the standard form of government contract is being contemplated but Mr. Heron doubts if there will be any substantial change. It is a great convenience to the government department to be able to settle a dispute in 90 days rather than having it go through the courts and taking four or five years.

The workmen's compensation round table was comprehensive. George H. Detweiler of Philadelphia talked of pulmonary tuberculosis as an occupational disease; Joseph W. Popper of Macon, Ga., on the right of compensation carrier to subrogation against third party for injuries to employer as a result of tort; Robert E. Coughlan of Baltimore on jurisdiction as between compensation and longshoremen's acts and Emerson Baetz of Alton, Ill., on violation of rules as a defense. Clarence W. Heyl, Peoria, presided.

Relief Act Questions

There are many claims long since thought extinct that are potential sources of litigation, and can arise because of the soldiers' and sailors' civil relief act, H. Beale Rollins, Baltimore attorney, said in his talk before the veterans' affairs section.

Mr. Rollins remarked that no case may be definitely closed as barred by limitations until there is an accurate appraisal of the military service status of all parties thereto, during the period considered. Then, those interested in subrogation may find a responsible defendant today, where years ago indifference counseled abandonment of claim. Although there has been a substantial lapse of years since the cause of action arose, limitations have not in fact completely run.

He explained that the relief act was written to terminate May 15, 1945 or if the country was still at war, until six months after a treaty of peace was proclaimed by the President.

Mr. Rollins cited the case of Blazejowski vs. Stadnicki, a Massachusetts decision, in which Blazejowski sued Stadnicki for injuries suffered when struck by Stadnicki's automobile, in 1941.

Stadnicki was at that time in service, but was discharged later in the year. The case came up the following year, and was in conflict with a Massachusetts statute requiring a claim of tort for bodily injury to be commenced within one year after cause of action. Stadnicki pleaded limitations, and excepted to a denial of a motion for a directed verdict. The court sustained this ruling.

Although a substantial demobilization has taken place, the effect of military service on rights and liabilities is still a live issue.

The Insurance Women of Amarillo with 22 attending, heard a report on the state meeting at Houston from Marian Galvin.

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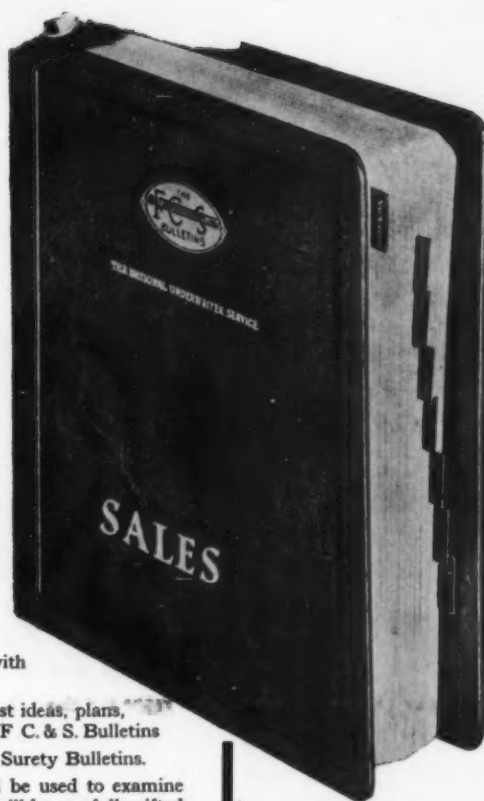
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Fort Hill Plantation

LOCATED on the campus of the Clemson Agricultural College at Clemson, South Carolina, stands "Fort Hill," the plantation home of the celebrated John Caldwell Calhoun, Senator, Secretary of War, Secretary of State and Vice-President of the United States under two administrations.

The estate originally comprised some eleven hundred acres in the foothills of the Blue Ridge Mountains. When Mr. Calhoun purchased it in 1825, he made some very extensive alterations to the main structure. Among these are the columns on the three porches which are an outstanding feature of the house, for they are constructed of brick covered with plaster. An interesting tale in connection with the size of the mansion relates that it is due to the fact that Mrs. Calhoun added a room each time her husband left for an extended business trip.

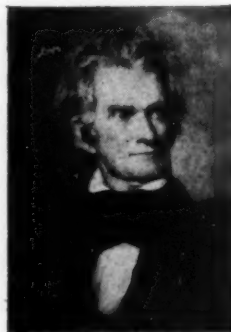
The main house at Fort Hill was con-

structed for comfortable living rather than for display. It is situated on a slope overlooking the Seneca River and is surrounded with boxwood, cedars, and many rare trees, including a varnish tree that was sent from Madagascar by Stephen Decatur, a hemlock presented by Daniel Webster, and an arbor vitae donated by Henry Clay. Tradition states that Calhoun had the cedars planted in the belief that they would prevent malaria from being carried from the lowlands to the slope.

The furnishings of the house are, on the whole, those used by the Calhoun family during the statesman's lifetime. Outstanding among these is the famous "Constitution" sideboard which was presented to

quarters of the frigate Constitution before the destruction of the vessel was halted because of the overwhelming public sentiment aroused by Holmes's famous poem, "Old Ironsides." A massive state dining table and twelve matching chairs of solid mahogany, all made by Duncan Phyfe, are fitting companion pieces to the sideboard. Another museum piece in the collection is a priceless sofa with a huge carved eagle from which it is believed the eagle on the silver dollar was modeled.

Fort Hill, which is now a national shrine, is an appropriate monument to a man who was an outstanding advocate of State sovereignty, and who, in the words of Daniel Webster, was noted for his



John Caldwell Calhoun

"indisputable basis of high character, unspotted integrity, and honor unimpeached."

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The Duncan Phyfe furniture of the dining room

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